Basel III Pillar III
Disclosure to the public

Situation as at 31 December 2023

Some declarations contained in this document constitute estimates and forecasts of future events and are based on information available to the Bank at the reporting date. Such forecasts and estimates take into account all information other than *de facto* information, including, *inter alia*, the future financial position of the Bank, its operating results, the strategy, plans and targets. Forecasts and estimates are subject to risks, uncertainties and other events, including those not under the Bank's control, which may cause actual results to differ, even significantly, from related forecasts. In light of these risks and uncertainties, readers and users should not rely excessively on future results reflecting these forecasts and estimates. Save in accordance with the applicable regulatory framework, the Bank does not assume any obligation to update forecasts and estimates, when new and updated information, future events and other facts become available. The quantitative information included with reference to ESG risk has been established on the basis of the best estimates currently available, which will be subject to amendment based on changes in the regulations and/or classification of environmentally sustainable activities by the Mediobanca Group, and on fine-tuning of the calculation methodologies applied to date.

MEDIOBANCA

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Introduction

As part of the Basel III Accords, since 2014 the European Union has adopted and introduced reforms intended to guarantee banks are able to withstand shocks deriving from unexpected and hard to predict situations which involve economic and financial difficulties, and in order to improve risk assessment and management, governance, and transparency of disclosure by the banks themselves.

In so doing, the Committee has maintained the approach based on three "Pillars" that underpinned the previous capital accord known as "Basel II", adding to it and reinforcing it in order to increase the quantity and quality of intermediaries' capital, and introducing anti-cyclical supervisory instruments, and regulations on liquidity risk management and on containing financial leverage. In particular, in order to encourage market discipline, Pillar II identifies a set of public disclosure requirements on capital adequacy, the composition of regulatory capital, the methods by which banks calculate their capital ratios, exposure to risks, and the general characteristics of the management and control systems.

The prudential regulation in any case continues to be structured around three "pillars", confirming the provisions of the Basel II Accord, enhancing the quantity and quality of capital, and introducing regulations on risk management, as described in more detail below:

- "Pillar I" introduces a capital requirement to cover the risks which are typical of banking and financial activity, and provides for the use of alternative methodologies to calculate the capital required;
- "Pillar II" requires banks to put in place system and process for controlling capital adequacy (ICAAP) liquidity adequacy (ILAAP), both present and future;
- "Pillar III" introduces obligations in terms of disclosure to the public to allow market operators to make a more accurate assessment of banks' solidity and exposure to risks.

The main regulations and guidelines published by the regulator in order to facilitate the preparation of the disclosure and improve comparability at system level are listed below. It should also be noted that banks publish the required information at least annually, and may do so more frequently at their own discretion, in view of the salient features of their business and any aspects of it that can change rapidly.

The issue of Capital Requirements Directive IV and Capital Requirements Regulation (the "CRD IV/CRR/CRR2 Package") launched the revision of the regulations on prudential supervision, precisely in order to regulate the exercise of banking activity and the related disclosure obligation; later, with the publication of Regulation (EU) No 876/2019 (CRR II, forming part of the package of reforms that also includes CRD V, BRRD II, and SRMR II), the EBA introduced a series of significant changes to the regulatory framework, applicable as from 28 June 2021, with reference in particular to Part VIII of the CRR, the objective of which is to harmonize the regular disclosure to be provided to the market.

In line with these updates, and in order to simplify the disclosure obligation, Commission Implementing Regulation (EU) No. 637/2021 was issued, laying down implementing technical standards with regard to public disclosures by institutions, and the EBA provided market operators with updates mapping between the technical standards on Pillar III disclosures and technical standards on supervisory reporting[1] starting from the reference date of 30 June 2021.

The public disclosure required of institutions (Pillar III) has also been further defined by the EBA Guidelines, with the aim of defining a minimum set of contents consistent with the reporting entity's size, with reference in particular to the capital requirements, the composition and adequacy of capital, the leverage ratio, exposure to risks and the general features of the systems used to identify, measure and manage such risks:

- Guidelines on materiality, proprietary and confidentiality and on disclosures frequency under Articles 432(1), 432(2) and 433 of Regulation No. (EU) 575/2013) (EBA/GL/2014/14);
- Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013) – (EBA GL/2016/11), to improve and enhance the consistency and comparability of institutions' disclosures to be provided as part of Pillar III starting from 31 December 2017. These guidelines apply to institutions classifiable as G-SII (Globally Systemically Important Institutions) or O-SII (Other Systemically Important Institutions); the regulatory authority has not required them to be applied in full for other significant institutions (SI); however, this structure voluntarily conforms to part 8 of the CRR;
- Guidelines On the information relating to the liquidity coverage ratio, to supplement the information on the management of liquidity risk pursuant to Article 435 of Regulation (EU) no. 575/2013" (EBA/GL/2017/01 – Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013);
- Guidelines on uniform information pursuant to Article 473 bis of Regulation (EU) no 575/2013 regarding transitional provisions aimed at mitigating the impact of the introduction of IFRS 9 on

1 To complete the templates, the most recent update of the mapping provided by the regulator has been incorporated.

own funds" (EBA/GL/2018/01 – 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 Guidelines (EBA/GL/2018/10) on disclosure of non-performing and forborne exposures, applied for the first time at 31/12/19.

It should be noted that as from 2025, the new version of the Capital Requirement Regulation will come into force (to be known as CRR III), the changes to which will probably be formally approved by the competent EU bodies by May 2024. Such changes will include the current phase-in regime provided by Article 471 of Regulation (EU) No. 575/2013 (as amended) being made permanent. This will mean that, among other things, insurance companies' common equity instruments can be risk-weighted at 370% rather than deducted from CET1 capital while at the same time complying with the concentration risk limits (the "Danish Compromise").

With reference to the increasing importance of environmental, social and governance risks, Commission Implementing Regulation (EU) 2022/2453 introduces, specific technical standards for large entities whose shares have been admitted to trading on a regulated market in any EU Member State on ESG risk disclosures to be included in their Pillar 3 reporting ESG Risk, in accordance with the provisions of Article 449-*bis* of the CRR II. The contents of the disclosure, to be provided on a half-yearly basis and subject to a phase-in period lasting until 2024, involve qualitative information on environmental, social and governance risks, quantitative information on climate change transition risk, quantitative information on climate change physical risk, and quantitative information and KPIs regarding the climate change mitigation measures implemented, including the Green Asset Ratio.

This document published by the Mediobanca Group (the "Group") has been drawn up by the parent company Mediobanca on a consolidated basis with reference to the prudential area of consolidation, including information regarding capital adequacy, exposure to risks and the general characteristics of the systems instituted in order to identify, measure and manage such risks. Disclosure of the Leverage ratio is also provided.

Much of the information in the document has been excerpted from the Group's interim financial statements for the six months ended 31 December 2023, as well as the consolidated supervisory reporting. Also used in the preparation of this document were items in common with the capital adequacy process (i.e. the ICAAP and ILAAP reports). The contents are also consistent with the "Annual Statement on Corporate Governance and Ownership Structure", and with the reporting used by the senior management and Board of Directors in their risk assessment and management.

Figures are in €'000, unless otherwise specified.

As this document constitutes disclosure to the public, it also contains a declaration by the Head of Company Financial Reporting, as required by Article 154-*bis*(2) of the Italian Consolidated Finance Act, to the effect that the accounting information contained in this document conforms to the documents, account ledgers and book entries of the company.

In view of the increasing relevance of the disclosure, Mediobanca has decided voluntarily to submit its interim Pillar III Basel III disclosure for the six months ended 31 December 2023 to limited assurance by its external auditors[2]. The audit firm's report is attached to this document. The Pillar III disclosure to the public is approved by the Board of Directors and the document is published on the Bank's website at www.mediobanca.com.

[2] Section 8 on ESG risks is not subject to assurance by the external audit firm.

References to regulatory disclosure requirements

The tables below provide an overview of where to find the information being disclosed to the market, as required by the EU regulations in force, in particular CRR II part VIII and Regulation (EU) No. 637/2021.

References to information required by CRR II

CRR II Article	Reference to Pillar III section	Reference to other statutory information
435 – Risk management policies and objectives	Section 1 – General disclosure requirement	Consolidated interim financial statements as at 31 December 2023: Notes to the accounts - section E: information on risks and related hedging policies
436 – Scope of application	Section 2 – Scope of application	Consolidated interim financial statements as at 31 December 2023: Notes to the accounts - section A: Accounting policies
437 – Own funds	Section 3 – Composition of regulatory capital	Consolidated interim financial statements as at 31 December 2023: Notes to the accounts - section F: Information on consolidated capital
438 – Capital requirements	Section 4 – Capital adequacy	Consolidated interim financial statements as at 31 December 2023: Notes to the accounts - section F: Information on consolidated capital
439 – Exposure to counterparty risk	Section 10 – Counterparty risk: standard method Section 10.2 Counterparty risk: management method	Consolidated interim financial statements as at 31 December 2023: Notes to the accounts - section E: information on risks and related hedging policies (Section 1.2: Market risk)
440 – Countercyclical capital buffers	Section 4 – Capital adequacy	N/A
441 – Indicators of global systemic importance	N/A	N/A
442 – Credit risk adjustment	Section 7.1 – Credit risk: general information	Consolidated interim financial statements as at 31 December 2023: Notes to the accounts - section E: information on risks and related hedging policies (Section 1.1: Credit risk)
443 – Unencumbered assets	Section 9 – Encumbered assets	N/A

CRR II Article	Reference to Pillar III section	Reference to other statutory information as at 31/12/23
444 – Use of ECAIs	Section 7.2 – Credit risk: use of ECAIs	N/A
445 – Exposure to market risk	Section 15 – Market risk	Consolidated interim financial statements as at 31 December 2023: Notes to the accounts - section E: information on risks and related hedging policies (Section 1.2: Market risk)
446 – Operational risk	N/A	N/A
447 – Exposures in equities not included in the trading book	Section 13 – Exposures to equities: information on banking book position	N/A
448 – Exposure to interest rate risk on positions not included in the trading book	Section 14 – Interest rate risk on banking book positions	Consolidated interim financial statements as at 31 December 2023: Notes to the accounts - section E: information on risks and related hedging policies (Section 1.2: Market risk)
449 – Exposure to securitization positions	Section 12 – Securitizations	Consolidated interim financial statements as at 31 December 2023: Notes to the accounts - section E: information on risks and related hedging policies (Section 1.1: Credit risk)
449bis - Disclosure on environmental, social and governance risks	Section 8 –ESG risks	Consolidated interim financial statements as at 31 December 2023: Notes to the accounts - section E: information on risks and related hedging policies (Section 1.2: Market risk)
450 – Remuneration policy	N/A	N/A
451- Financial leverage	Section 5 – Financial leverage	Consolidated interim financial statements as at 31 December 2023: Notes to the accounts - section F: Information on consolidated capital
452 – Use of the IRB method for credit risk	Section 7.3 – Credit risk: disclosure on portfolios subject to AIRB methods	Consolidated interim financial statements as at 31 December 2023: Notes to the accounts - section E: information on risks and related hedging policies (Section 1.1: Credit risk)

CRR II Article	Reference to Pillar III section	Reference to other statutory information as at 31/12/23
453 – Use of credit risk mitigation techniques	Section 11 – Risk mitigation techniques	Consolidated interim financial statements as at 31 December 2023: Notes to the accounts - section E: Information on risks and related hedging policies (Section 1.1: Credit risk)
454 – Use of the Advanced Measurement Approaches to operational risk	N/A	N/A
455 – Use of Internal Market Risk models	N/A	N/A
471 – Exemption from deduction of equity holdings in insurance companies from Common Equity Tier 1 items	Section 3 – Composition of regulatory capital	Consolidated interim financial statements as at 31 December 2023: Notes to the accounts - section F: Information on consolidated capital (Section 2: Own funds and supervisory capital requirements for banks)

References to EBA requisites

(Regulation (EU) 637/2021, EBA/GL/2020/12, EBA/ITS/2021/07 and EBA/ITS/2022/01)

<table>
<tr><th colspan="2">Regulation (EU) 637/2021, EBA/GL/2020/12, EBA/ITS/2021/07 and EBA/ITS/2022/01</th><th colspan="2">Pillar III as at 31/12/23</th></tr>
<tr><th>Templates</th><th>Type of disclosure</th><th>Section (qualitative/quantitative information)</th><th>Tables (additional quantitative disclosure)</th></tr>
<tr><td>EU OVA *
EU OVB*
EU OVC*</td><td>Qualitative</td><td>Section 1 – General disclosure requirement</td><td></td></tr>
<tr><td>EU LI1*
EU LI2*
EU LI3*
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EU LIB*</td><td>Qualitative/ Quantitative</td><td>Section 2 – Scope of application</td><td></td></tr>
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EU CCA</td><td>Qualitative/ Quantitative</td><td>Section 3 – Composition of regulatory capital</td><td>Template 3.1
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<tr><td>EU OV1</td><td>Quantitative</td></tr>
<tr><td>EU INS1*
EU INS2* (N/A)</td><td>Quantitative</td></tr>
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EU LIQB*</td><td>Qualitative/ quantitative</td><td>Section 6 – Liquidity risk</td><td></td></tr>
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Regulation (EU) 637/2021, EBA/GL/2020/12, EBA/ITS/2021/07 and EBA/ITS/2022/01		Pillar III as at 31/12/23	
Templates	**Type of disclosure**	**Section (qualitative/quantitative information)**	**Tables (additional quantitative disclosure)**
EU CRA* EU CRB* EU CR1 EU CR1-A EU CR2 EU CR2a (N/A)** EU CQ1 EU CQ2 (N/A)** EU CQ3* EU CQ4 EU CQ5 EU CQ6 (N/A)** EU CQ7 EU CQ8 (N/A)** EU CR10 (N/A)	Qualitative/ quantitative	Section 7.1 – Credit risk: general information and credit quality tables	
EU CR4 EU CR5	Quantitative	Section 7.2 – Credit risk: ECAI	
EU CRC* EU CR6 EU CR6-A* EU CR7 EU CR7-A EU CR8 EU CR9-EU CR9.1* EU CRE*	Qualitative/ quantitative	Section 7.3 – Credit risk: disclosure on portfolios subject to IRB method	Template 7.3.1
Table 1 Table 2 Table 3 Template 1 Template 2 Template 4 Template 5 Template 6 Template 7 Template 8 Template 10	Qualitative/ quantitative	Section 8 – ESG risks	Template 5.1
3EU AE1* EU AE2* EU AE3* EU AE4*	Qualitative/ quantitative	Section 9 – Encumbered assets	
EU CCR1 EU CCR2 EU CCR3 EU CCR4 EU CCR5 EU CCR6 EU CCR7 (N/A) EU CCR8	Qualitative/ quantitative	Section 10 – Counterparty risk	

EU CCRA*			

Regulation (EU) 637/2021, EBA/GL/2020/12, EBA/ITS/2021/07 and EBA/ITS/2022/01		**Pillar III as at 31/12/23**	
Templates	**Type of disclosure**	**Section (qualitative/quantitative information)**	**Tables (additional quantitative disclosure)**
EU CR3 EU CRC*	Qualitative/ quantitative	Section 11 – Risk mitigation techniques	
EU-SEC1 EU-SEC2 EU-SEC3 EU-SEC4 EU-SEC5 (N/A) EU-SECA*	Qualitative/ quantitative	Section 12 – Securitizations	
		Section 13 – Exposures to equities: information on banking book position	Template 14.1 Template 14.2
EU IRRBBA EU IRRBB1	Qualitative/ quantitative	Section 14 – Interest rate risk on banking book positions	Template 15.1
EU MR1 EU MRA* EU MRB (N/A) EU MR2-A (N/A) EU MR2-B (N/A) EU MR3 (N/A) EU MR4 (N/A) EU PV1*	Qualitative/ quantitative	Section 15 – Market risk	Template 16.1 Template 16.2 Template 16.3

* Annual tables.
** Not applicable to the Mediobanca Group as at 31 December 2023 due to NPL ratio < 5%.

Section 1 – General disclosure requirement

Qualitative information

1.1 Description of risk governance organization

The Mediobanca Group has put in place a risk governance and control system which is structured across a variety of organizational units involved in the process, with a view to ensuring that all relevant risks to which the Group is or might be exposed are managed effectively, and at the same time guarantee that all forms of operations are consistent with its own risk appetite.

The Board of Directors, in view in particular of its role of strategic supervision, is responsible for approving strategic guidelines and directions of the risk appetite framework (RAF), the Internal Rating Systems (IRB) at the parent company level and the Roll-Out Scheme for gradually extending the IRB approach across the whole Group, business and financial plans, budgets, risk management and internal control policies, and the Recovery Plan drawn up in accordance with the provisions of the Bank Recovery and Resolution Directive (BRRD Directive 2014/59/EU).

The Risks Committee assists the Board of Directors in performing duties of monitoring and instruction in respect of the internal controls, risk management, and accounting and IT systems. The Statutory Audit Committee supervises the risk management and control system as defined by the RAF and the internal controls system generally, assessing the effectiveness of the structures and units involved in the process and co-ordinating them.

Within the framework of the risk governance system implemented by Mediobanca S.p.A., the following managerial committees have specific responsibilities in the processes of taking, managing, measuring and controlling risks: the Group Risk Management committee, which is tasked with addressing all risks at Group level (excluding conduct risk); the Credit and Market Committee, which has powers of approval for credit, counterparty and market risks; Group ALM committee, with powers for approving the funding plan, monitoring the Group's ALM risk-taking and management policy (treasury and funding) and approving the methodologies for determining the internal fund transfer rate; the Investments committee, for equity investments owned and banking book equities; the New Operations committee, for prior analysis of new operations and the approval of entry to new sectors, new products and the related pricing models; the Non-Financial Risks committee, which is tasked with identifying, addressing, monitoring mitigating non-financial risks, including IT risk, fraud risk, outsourcing risk, legal risk, tax risk, and other non-financial risks (excluding conduct risk); the Group Wealth Investments committee, for defining market views and monitoring their track record; the Private & Premier Investments committee, for defining strategic and tactical asset allocation, and for

selecting investment houses, funds and other financial instruments; and the Conduct Committee, which is tasked with addressing, governing and approving resolutions regarding the Group's conduct risks.

Although risk management is the responsibility of each individual business unit, the Risk Management unit presides over the functioning of the Bank's risk system, defining the appropriate global methodologies for measuring risks, current and future, in conformity with the regulatory requirements in force as well as the Bank's own operating choices identified in the RAF, monitoring risks, and ascertaining that the various limits established for the various business lines are complied with.

Risk Management is organized around local teams based at the various Group companies, in accordance with the principle of proportionality, under the co-ordination of the Risk Management unit at parent company Mediobanca S.p.A. (the "Group Risk Management Unit"), which also performs specific activities for the parent company scope of risk, in the same way that the local teams do for their own companies. The Group Risk Management Unit, which reports directly to the Chief Executive Officer under the Group Chief Risk Officer's leadership, consists of the following sub-units: i) Risk Integration, which handles relations with the supervisory authorities, and performs the integrated Group processes (ICAAP, RAF, Recovery Plan); ii) Risk Transformation, responsible for developing, co-ordinating, streamlining and ensuring that IT developments are consistent within the Risk Management area; iii) CIB Credit Risk Management, which is responsible for defining and monitoring credit strategies and quantitative methodologies to measure and manage credit risks; iv) Credit Risk Management, responsible for credit risk analysis, assigning internal ratings to counterparties and the loss-given default indicator in the event of insolvency; v) Retail Credit Risk Management, which provides supervision for the Group Legal Entities operating in retail consumer credit; vi) Financial Risk Management, which monitors market and counterparty risk, Asset and Liability Management, and liquidity risk, and validates the fair value methodologies used; vii) Non-Financial Risk Management, which is responsible for governing operational and fraud risks, risks related to the distribution of investment products and services to clients, IT and security risks, and outsourcing risks; viii) Internal Validation & Control, which defines the methodologies, processes, instruments and reporting for use in internal validation activities, validates the Group's risk measurement systems, and defines and performs control activities for the parent company's main credit processes.

Establishment of risk appetite and process for managing relevant risks

In the process of defining its Risk Appetite Framework ("RAF"), Mediobanca has established the level of risk (overall and by individual type) which it intends to assume in order to pursue its own strategic objectives, and identified the metrics to be monitored and the relevant tolerance thresholds and risk limits. The RAF is the framework which sets the risks due to the company strategy (translating mission and strategy into qualitative and quantitative risk variables) in relation with the risk objectives of its operations (translating risk objectives into limits and incentives for each area).

As required by the prudential regulations, the formalization of risk objectives, through definition of the RAF, which are consistent with the maximum risk that can be taken, the business model and strategic guidance, is a key factor in establishing a risk governance policy and internal controls system with the objective of enhancing the Bank's capability in terms of governing its own company risks, and also ensuring sustainable growth over the medium and long term. In this connection, the Group has developed a Risk Appetite Framework governance model which identifies the roles and responsibilities of the corporate bodies and units involved, with co-ordination mechanisms instituted to ensure the risk appetite is suitably bedded into the management processes.

In the process of defining its risk appetite, the parent company:

- Identifies the risks which it is willing to assume;
- Defines, for each risk, the objectives and limits in normal and stressed conditions;
- Identifies the action necessary in operating terms to bring the risk back within the set objective.

To define the RAF, based on the strategic positioning and risk profile which the Group has set itself the objective of achieving, the risk appetite statement is structured into metrics and risk thresholds, which are identified with reference to the following framework risk pillars, in line with best international practice: capital adequacy; liquidity and funding adequacy; profitability; external risk metrics; bank-specific factors; and non-financial risks. The Board of Directors has a proactive role in defining the RAF, guaranteeing that the expected risk profile is consistent with the strategic plan, budget, ICAAP and recovery plan, and structured into adequate and effective metrics and limits. For each pillar analysed, the risk assumed is set against a system of objectives and limits representative of the regulatory restrictions and the Group's general attitude towards risk, as defined in accordance with the strategic planning, ICAAP and risk management processes.

In addition to identifying and setting risk appetite parameters, Mediobanca also governs the mechanisms regulating the governance and processes for establishing and implementing the RAF, in terms of updating/revising it, monitoring, and escalating reporting to the Committees and corporate bodies. Based on its operations and the markets in which it operates, the Mediobanca

Group has identified the relevant risks to be submitted to specific assessment in the course of the reporting for the ICAAP (Internal Capital Adequacy Assessment Process), in accordance with the Bank of Italy instructions contained in circular no. 285 issued on 17 December 2013, "Supervisory instructions for banks" as amended, appraising its own capital adequacy from both a present and future perspective which takes into account the strategies and development of the reference scenario. As required by the provisions of the Capital Requirements Directive IV ("CRD IV"), the Group prepares an Internal Liquidity Adequacy Assessment Process document (ILAAP), describing the set of policies, processes and instruments put in place to govern liquidity and funding risks. The Group's objective is to maintain a level of liquidity that enables it to meet the payment obligations, ordinary and extraordinary, which it has taken on while minimizing costs at the same time. The Group's liquidity management strategy is based on the desire to maintain an appropriate balance between potential inflows and potential outflows, in the short and the medium/long term, by monitoring both regulatory and management metrics, in accordance with the risk profile defined as part of the RAF.

Financial leverage risk

The leverage ratio, which is calculated as the ratio between an entity's TIER1 equity and its aggregate borrowings, measures the extent to which capital is able to cover its total exposures (including cash exposures net of any deductions from CET1 equity and off-balance-sheet exposures, taking into account the Credit Conversion Factors, or CCF, applied). The objective of the indicator is to ensure that the level of indebtedness remains low compared to the amount of own funds available and to accurately measure the degree of leverage accurately by managing the risk of excessive financial leverage. The minimum regulatory limit introduced by CRR II is 3%, in line with the guidance initially issued by the Basel Committee (in the most recent SREP decision, the Mediobanca Group was not assigned either an additional requirement or a Pillar 2 add-on).

The ratio is monitored on a regular basis by the Group, as part of its quarterly reporting requirements,(COREP), and is one of the metrics which the Bank has identified in its Risk Appetite Framework, specifying warning and limit levels for different areas as part of its risk appetite quantification activity.

Further information on financial leverage risk is provided in section 5.

Liquidity risk

Liquidity risk is the risk of the Group being unable to meet its own ordinary and extraordinary payment obligations or incurring significantly higher costs in order to meet these commitments.

The internal liquidity adequacy assessment process (ILAAP) has been adopted in order to identify, measure and monitor liquidity risk, guaranteeing that the difference between inflows and outflows of cash is sustainable for the Group and sufficient to deal with any periods of stress, whether short- or medium-/long-term. The liquidity reserves are therefore to be seen as an instrument for managing and mitigating the risk associated with such differences.

The Group's liquidity governance process is centralized at Mediobanca S.p.A. The Group Legal Entities are involved in the liquidity management process via the local units which operate within the limits set by the guidelines issued at parent company level.

Further information on liquidity risk is shown in Section 6.

Credit risk

The Group has been authorized by the supervisory authorities to calculate its capital requirements using its own internal rating system for the Mediobanca and Mediobanca International corporate loan books (Probability of Default and Loss Given Default), for the Mediobanca Premier[3] Italian mortgage loan book (Probability of Default and Loss Given Default) and for Compass's consumer loans (Probability of Default and Loss Given Default) and exposures to credit cards (Probability of Default, Loss Given Default and Credit Conversion Factor). The model for corporate exposures in the factoring business carried out by MBFACTA is in the process of being developed, for which the Application Package is expected to be submitted during 2024. With regard to exposures for which the standardized methodology for calculating regulatory capital is still used, the Group has in any case instituted internal rating models to manage credit risk.

Further information on credit risk is provided in Section 7.

[3] As of 15 January 2024 Chebanca! was renamed Mediobanca Premier.

ESG risk

To order to further enhance the integration of risks linked to ESG factors into the risk management and mitigation framework, the main impacts have been identified and their respective components allocated to the traditional risk categories (credit risk, market risk and operational risk), with reference in particular to climate change risk (transition and physical). Transition risk is defined as an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower carbon and more environmentally sustainable economy; while physical risk is defined as the risk of incurring losses due to the consequences of more frequent and intense extreme weather events (acute risk) or to gradual climate changes such as global warming, water stress and soil degradation (chronic risk).

Further information on ESG risk, including the phase-in details provided by the reference regulations, is provided in Section 8[4]. It should be noted that the quantitative information included in this section is provided on a best efforts basis and represents the best estimates possible at this time. However, these will be subject to amendment in the future, based on changes in the regulations and/or classification of environmentally sustainable activities by the Mediobanca Group, and on fine-tuning of the calculation methodologies applied so far.

Encumbered assets

The asset encumbrance ratio is the ratio between the share of assets committed and/or used and total assets. The definition of assets includes not only those on the balance sheet but also financial instruments received as collateral and eventually eligible for reuse. The objective of the asset encumbrance ratio is to provide disclosure to the public and to creditors on the ranking of the assets committed by the Bank and hence unavailable, thus implicitly providing an indication of the Bank's future funding capacities in easy and convenient fashion through secured funding.

Further information on asset encumbrance is shown in Section 9.

4 Section 8 has not been analysed or reviewed by the external auditors, in part because the disclosure requirement in this area is being introduced gradually.

Counterparty risk

Counterparty risk generated by market transactions with clients or institutional counterparties is measured in terms of potential future exposure.

In order to determine the capital requirement for counterpart risk and the CVA, i.e. adjustment to the intermediate market value of the portfolio of operations with a given counterparty, in order to calculate the Exposure at Default for the individual counterparty, the Group has applied the new methodology introduced by CRR II – the "Standardized Approach for Counterparty Credit Risk" (SA - CCR) – provided for by Articles 271ff, also applying the exemption from the obligation to calculate the CVA for exposures to corporate counterparties permitted by Article 382 of the CRR in order to mitigate the burden attributable to the introduction of the new methodology.

To determine the capital requirement for trading in repos and securities financing transactions, the comprehensive method provided for in Article 401 of the CRR is used, with application of the regulatory haircuts.

For management purposes, as far as regards derivatives and short-term loan collateralization products (repos and securities lending), risk monitoring is based on determining the maximum potential exposure (assuming a 95% confidence level) for all the time steps up to 30 years. The scope of application regards all groups of counterparties which have relations with Mediobanca, taking into account the presence of netting agreements (e.g. ISDA, GMSLA or GMRA) and collateralization agreements (e.g. CSA), plus exposures deriving from interbank market transactions. For these three types of operations there are different exposure limits split by counterparty and/or group subject to internal analysis and approval by the Credit and Market Committee.

For derivatives transactions, as required by IFRS 13, the fair value incorporates the effects of the counterparty's credit risk (CVA) and Mediobanca's credit risk (DVA) based on the future exposure profile of the aggregate of such contracts outstanding.

Further information on Counterparty risk is shown in Section 10.

Operational risk

Operational risk is the risk of incurring losses as a result of the inadequacy or malfunctioning of IT procedures and systems, human errors or external events.

Mediobanca adopts the Basic Indicator Approach ("BIA") in order to calculate the capital requirement for covering operating risk, applying a margin of 15% to the three-year average for the relevant indicator.

The Group's Non-Financial Risks Committee and the Conduct Committee both operate within the scope of operational risk governance, the former with responsibility for addressing, monitoring and mitigating non-financial risks (including IT & cyber risk, fraud risk, third party/outsourcing risk, and reputational risks), the latter for addressing, governing, and adopting resolutions in respect of the conduct risks facing the Group.

Operational risks are managed, in Mediobanca and the main Group companies, by a specific Operational risk management team within the Non-Financial Risk Management unit.

In view of the recognized increase in the relevance of certain classes of operational risk, including IT & cyber risk, third party/outsourcing risk and fraud risk, a Non-Financial Risk Management project is being implemented with a view to developing further specific frameworks for analysing, monitoring and mitigating each instance of risk, while at the same time maintaining a global vision.

IT & cyber risk in particular, which contains aspects that are changing rapidly, is potentially relevant in the medium term.

In this regard, and in compliance with the requirements of Bank of Italy Circular no. 285, 40th update, a new second-level team, "ICT & Security Risk", has been set up as part of the Non-Financial Risks Unit within the Group Risk Management area. The team is responsible for IT and securities risk management and monitoring, and for checking that the IT system is compliant with the IT and security risk management system.

Interest rate risk on the banking book

This is defined as the investment/financing risk deriving from potential changes to interest rates on the banking book.

The Mediobanca Group monitors and manages interest rate risk through sensitivity testing of net interest income and economic value carried out on a monthly basis. The former quantifies the impact on earnings in the worst case scenario of those provided by the Basel Committee (BCBS) Guidelines. In this testing, the asset stocks are maintained constant, renewing the items falling due with the same financial characteristics and assuming a time horizon of twelve months.

Conversely, the sensitivity of economic value measures the impact of future flows on the current value in the worst case scenario of those contemplated in the Basel Committee guidelines (BCBS) and the EBA Guidelines (EBA/GL/2018/02).

All the scenarios present a floor set by the EBA Guidelines (EBA/GL/2022/14) with a limit set at 1.5% on the on-demand expiry with linear progression up to 0% at the fifty-year maturity.

For both sensitivities, the balance-sheet items have been treated based on their contractual profile, apart from current account deposits for retail clients (which have been treated on the basis of proprietary behavioural models), and consumer credit items and mortgages (which reflect the possibility of early repayment). The average behavioural life of the deposits held on retail customers' current accounts is estimated at around 2 years, with a repayment schedule that amortizes completely over a time horizon of ten years.

To determine the value of the discounted cash flows, various benchmark curves have been used in order to discount and then determine the future interest rates, based on the value date on which the balance-sheet item itself is traded (multi-curve). The credit component has been stripped out of the cash flows for the economic value sensitivity only.

Interest rate risk management is organized centrally at Mediobanca S.p.A., which defines the Group's strategy and the guidelines with which the Group's legal entities must comply. The objective is to manage the Group's interest rate risk centrally, with a view to optimizing the balance sheet's risk/return profile through on-balance sheet (business policy) and off-balance-sheet (derivatives) transactions through the following actions:

- Transfer of risks to the ALM governance centre by the individual Group companies and the various business units of Mediobanca S.p.A.;
- Risk hedging strategies using financial instruments;
- Risk hedging strategies by closing mismatches between asset and liability items (natural hedges).

Further information on interest rate risk is shown in Section 15.

Market risks

In order to calculate the capital requirement for market risk on the trading book, the Group applies the standard methodology provided by Articles 102-4 of the CRR.

This methodology entails the use of a "building block" approach, and the aggregate capital requirement is equal to the sum of the capital requirements of each of the individual risk factors to which the portfolio is exposed, each of which is calculated using specific methodologies provided for by the prudential regulations. The risk factors contemplated are equity risk (divided into a general component for adverse market trends and specific risk component for each individual issuer), credit

risk in relation to debt instruments, interest rate risk, gamma risk (curvature) and vega risk (volatility) to capture the price risk in trading in options, the risk for trading in UCITS and exchange rate risk.

Regarding investments in securities deriving from securitizations, the requirement is determined on the basis of the same regulations as for the banking book.

As stated previously, in calculating the interest rate risk on the trading book, the Group applies the "duration based approach", (CRR, Article 340), in order to ensure that the capital estimation methodology is aligned to both the operating metrics and the imminent regulatory changes due to be introduced in the new future (CRR III and Fundamental Review del Trading Book). This approach enables the risk generated by changes in interest rates to the trading book to be picked up effectively, as it is based on the use of metrics such as financial duration and DV01 (dollar value of a basis point) which in turn constitute the principal management risk indicators for this type of risk.

As for vega risks (the implicit volatility of options) and gamma risks (second order effects on the price of the underlying instruments of options), the Group applies the Delta-plus approach in accordance with CRR Article 341 and RTS EBA 12/03/2014.

In addition to the daily calculation of the management earnings results, the operating exposure to market risks generated by the positions held as part of the trading portfolio is also monitored on a daily basis, principally through use of the following indicators:

- Sensitivity – mainly Delta and Vega – to small changes in the principal risk factors (such as interest rates, share prices, exchange rates, credit spreads, inflation and volatility, dividends, correlations, etc.); these measure the increase or decrease in the value of financial assets and derivatives to local changes in these risk factors, providing a static representation of the market risk of the trading portfolios;
- Value-at-risk calculated using a weighted historical simulation method with scenarios updated daily, assuming a liquidation horizon of one business day and a confidence level of 99%.

Trading exposures are checked on a daily basis relative to the VaR limits and for sensitivity, in order to ensure that the operating limits approved to protect the risk appetite established by the Bank for its trading book, are complied with. The solidity of the VaR model is guaranteed by back-testing it against the theoretical P&L calculation. The expected shortfall on the set of positions subject to VaR calculation is also calculated, by means of historical simulation; this represents the average potential losses over and beyond the level of confidence for the VaR. Stress tests are also carried out daily (on specific positions) and monthly (on the rest of the trading book) on the main risk factors, to show the impact which more substantial movements in the main market variables might have, such as share prices and interest or exchange rates, calibrated on the basis of extreme changes in market variables.

Other complementary and more specific risk metrics are also calculated, in addition to VaR and sensitivity, in order to capture risks not fully measured by these indicators more effectively. The weight of products which require such metrics to be used is in any case extremely limited compared to the overall size of Mediobanca's trading book.

Further information on market risk is shown in Section 16.

Concentration risk

Concentration risk is defined as the risk deriving from a concentration of exposures to individual counterparties or groups of counterparties ("single name concentration risk") or to counterparties operating in the same economic sector or which operate in the same business or belong to the same geographical area (geographical/sector concentration risk). In particular, with reference to concentration risk versus individual counterparties or groups of related counterparties, the 25% limit on TIER1 capital set by CRR II has been met at all times, even taking into account future expectations and deductions from CET1 capital for the share exceeding this limit. As with capital adequacy, compliance with the concentration limit is also monitored at all times, both at Group level and individually for all the separate Group Legal Entities. In particular, when new transactions are approved, the attention of the approving body is always brought to the impact of the proposed deal on the aggregate regulatory exposure to the group to which the client belongs, ensuring that the concentration limit is met at all times.

Other risks

As part of the process of assessing the current and future capital requirements (ICAAP), the Group has identified the following types of risk to which it is exposed, in addition to those described above (credit and counterparty risk, market risk, interest rate risk, liquidity risk and operational risk), as significant:

- Strategic risk, i.e. exposure to current and future changes in profits/margins compared to estimated data, due to volatility in volumes or changes in customer behaviour (business risk), and of current and future risk of reductions in profits or capital deriving from disruption to business as a result of adopting new strategic choices, wrong management decisions or inadequate execution of decisions taken (pure strategic risk);
- Risk from equity investments held as part of the "Hold to collect and sell" banking book ("HTC&S"), deriving from the potential reduction in value of the equity investments, listed and unlisted, which

are held as part of the HTCS portfolio, due to unfavourable movements in financial markets or to the downgrade of counterparties (where these are not already included in other risk categories);

- Sovereign risk, in regard to the potential downgrade of countries or national central banks to which the Group is exposed;
- Compliance risk, attributable to the possibility of incurring legal or administrative penalties, significant financial losses or damages to the Bank's reputation as a result of breaches of external laws and regulations or internal, self-imposed regulations;
- IT and cyber risk, defined as the risk of incurring losses in terms of earnings, reputation and market share in connection with use of the company's IT system (hardware, software and networks) or otherwise deriving from cyber-attacks;
- Reputational risk, due to reductions in profits or capital deriving from a negative perception of the Bank's image by customers, counterparties, shareholders, investors or regulatory authorities.

Risks are monitored and managed via the respective internal units (Risk Management, Chief Financial Office, Compliance, and Group Audit), and by specific management committees.

1.2 Main changes in risk measurement adopted by the Bank during the period under review

Some of the main changes adopted during the course of the year include the introduction and revision of the AIRB models for the Consumer Finance and Mortgages portfolios, which has meant an additional burden of approx. €1bn in terms of RWAs, accounting for approx. -35 bps in terms of CET1 ratio.

At the same time, the RWAs have been managed efficiently as a result of the dynamic selection in terms of lending, and the introduction of new risk mitigation measures in CIB, in particular the launch of insurance coverage for part of the Factoring business portfolio, the ongoing adoption of the fourth ECAI Modefinance for the standard Corporate loan book and the extension of other credit risk mitigation techniques.

The Group continues not to take up the option to sterilize valuation reserves for government securities, or exclude certain exposures to central banks for purposes of calculating the leverage ratio.[5]

5 Regulation (EU) 2020/873 amending Regulations (EU) No. 575/2013 and (EU) No. 2019/876 as regards certain adjustments in response to the COVID-19 pandemic (the "CRR Quick Fix").

Section 2 – Scope of application

Qualitative information

The disclosure obligations in connection with this document are the responsibility of Mediobanca – Banca di Credito Finanziario S.p.A., parent company of the Mediobanca Banking Group, registered in the official register of banking books, to which the data shown in this document refer.

Based on the combined provisions of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", and IFRS 12 "Disclosure of interests in other entities", the Group has consolidated its subsidiaries using the line-by-line method, while its associates and other companies subject to joint arrangements are consolidated using the equity method.

The line-by-line method, by which subsidiaries are consolidated, means that the carrying amount of the parent's investment and its share of the subsidiary's equity after minorities are eliminated against the addition of that company's assets and liabilities, income and expenses to the parent company's totals. Any surplus arising following allocation of asset and liability items to the subsidiary is recorded as goodwill. Intra-group balances, transactions, income and expenses are eliminated upon consolidation.

For equity-accounted companies, any differences in the carrying amount of the investment and the investee company's net equity are reflected in the book value of the investment, the fairness of which is reviewed when the financial statements are prepared, or if aspects reflecting possible reductions of value emerge. The profit made or loss incurred by the investee company is recorded under a specific heading in the profit and loss account.

Unlike the accounting scope of consolidation, which includes Compass RE (reinsurance business), the Group Legal Entities not included in the Bank of Italy's register of banking groups (Compass Rent, MBContact Solutions and RAM UK), and the minor Group Legal Entities (Quarzo Srl, MBUSA, MB Covered, MB Immobilière, MB Funding LUX, Spafid SIM, Spafid Trust, MA USA, Compass Link and Soisy), consolidated on a line-by-line basis, in the prudential scope of consolidations these companies are consolidated using the net equity method; the minor entities are in any case excluded as they are considered to be immaterial[6] under Article 19 of the CRR.[7]

6 The exclusion of the minor Group Legal Entities has entailed an overall reduction in total assets between the prudential and the accounting scopes of consolidation, which at 31 December 2023 amounted to €25.4m. Equally, the inclusion of the minor entities among the companies consolidated on a net equity basis drove an increase of €20.4m in the Equity investments heading.

7 Article 19 of the CRR stipulates that subsidiaries need not be included in the prudential scope of consolidate in cases where the total amount of assets and off-balance sheet items of the undertaking concerned is less than the smaller of the following two amounts: a) €10m; b) 1 % of the total amount of assets and off-balance sheet items of the parent undertaking or the undertaking that holds the participation.

For purposes of supervisory reporting, equity investments consolidated line-by-line that are not included in the prudential scope of reporting are deducted from regulatory capital, or alternatively are risk-weighted at 250% if the total value does not exceed the prudential thresholds set and provided that the concentration limit is complied with; as for the Group's investment in Assicurazioni Generali, which is equity-accounted, following authorization by the ECB, the temporary regime introduced by Article 471 of Regulation (EU) No. 575/2013 as amended is applied, which allows own funds instruments issued by insurance companies to be weighted at 370%, rather than deducted from CET equity, while complying with the concentration limit set (the "Danish Compromise").

Quantitative information

Temp EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity) (1/3)

	a	b	c	d	e	f	g	h
ID	Name of the entity	Method of accounting consolidation	Method of regulatory consolidation					Description of the entity
			Full consolidation	Proportional consolidation	Equity method	Full consolidation	Deducted	
1	MEDIOBANCA - Banca di Credito Finanziario S.p.A.	*Parent Company*						*Credit institution*
2	SPAFID S.P.A	*Full consolidation*	x					*Financial corporations other than credit institutions*
3	MEDIOBANCA INNOVATION SERVICES - S.C.P.A.	*Full consolidation*	x					*Non-financial corporations*
4	CMB MONACO S.A.M.	*Full consolidation*	x					*Credit institution*
5	CMG MONACO S.A.M.	*Full consolidation*	x					*Financial corporations other than credit institutions*
6	CMB ASSET MANAGEMENT S.A.M. (in liquidation)	*Full consolidation*	x					*Financial corporations other than credit institutions*
7	MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.	*Full consolidation*	x					*Credit institution*
8	COMPASS BANCA S.P.A.	*Full consolidation*	x					*Credit institution*
9	MEDIOBANCA PREMIER S.P.A. (ex CHEBANCA! S.P.A.)	*Full consolidation*	x					*Credit institution*
10	MBCREDIT SOLUTIONS S.P.A.	*Full consolidation*	x					*Financial corporations other than credit institutions*
11	SELMABIPIEMME LEASING S.P.A.	*Full consolidation*	x					*Financial corporations other than credit institutions*
12	MB FUNDING LUXEMBOURG S.A.	*Full consolidation*			x			*Financial corporations other than credit institutions*
13	MEDIOBANCA SECURITIES USA LLC	*Full consolidation*			x			*Financial corporations other than credit institutions*
14	MB FACTA S.P.A.	*Full consolidation*	x					*Financial corporations other than credit institutions*
15	QUARZO S.R.L.	*Full consolidation*			x			*Financial corporations other than credit institutions*
16	QUARZO CQS S.R.L. (in liquidation)	*Full consolidation*	x					*Financial corporations other than credit institutions*

Temp EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity) (2/3)

	a	B	c	d	e	f	g	h
			Method of regulatory consolidation					
ID	Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
17	MEDIOBANCA COVERED BOND S.R.L.	*Full consolidation*			x			*Financial corporations other than credit institutions*
18	COMPASS RE (LUXEMBOURG) S.A.	*Full consolidation*			x			*Financial corporations other than credit institutions*
19	MEDIOBANCA INTERNATIONAL IMMOBILIERE S. A R.L.	*Full consolidation*			x			*Financial corporations other than credit institutions*
20	POLUS CAPITAL MANAGEMENT GROUP LIMITED	*Full consolidation*	x					*Financial corporations other than credit institutions*
21	POLUS CAPITAL MANAGEMENT LIMITED	*Full consolidation*	x					*Financial corporations other than credit institutions*
22	POLUS CAPITAL MANAGEMENT (US) INC.	*Full consolidation*	x					*Financial corporations other than credit institutions*
23	POLUS CAPITAL MANAGEMENT INVESTMENTS LIMITED (non-operative)	*Full consolidation*	x					*Financial corporations other than credit institutions*
24	POLUS INVESTMENT MANAGERS LIMITED (non-operative)	*Full consolidation*	x					*Financial corporations other than credit institutions*
25	Bybrook Capital Management Limited	*Full consolidation*	x					*Financial corporations other than credit institutions*
26	Bybrook Capital LLP (in liquidation)	*Full consolidation*	x					*Financial corporations other than credit institutions*
27	Bybrook Capital Services (UK) Limited (in liquidation)	*Full consolidation*	x					*Financial corporations other than credit institutions*
28	Bybrook Capital Burton Partnership (GP) Limited	*Full consolidation*	x					*Financial corporations other than credit institutions*
29	SPAFID FAMILY OFFICE SIM	*Full consolidation*			x			*Financial corporations other than credit institutions*
30	SPAFID TRUST S.R.L.	*Full consolidation*			x			*Financial corporations other than credit institutions*

Template EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity) (3/3)

	a	b	c	d	e	f	g	h
			Method of regulatory consolidation					
ID	Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
31	MEDIOBANCA MANAGEMENT COMPANY S.A.	*Full consolidation*	x					*Financial corporations other than credit institutions*
32	MEDIOBANCA SGR S.P.A.	*Full consolidation*	x					*Financial corporations other than credit institutions*
33	RAM ACTIVE INVESTMENTS S.A.	*Full consolidation*	x					*Financial corporations other than credit institutions*
34	RAM ACTIVE INVESTMENTS (LUXEMBOURG) S.A.	*Full consolidation*	x					*Financial corporations other than credit institutions*
35	MESSIER ET ASSOCIES S.A.S.	*Full consolidation*	x					*Financial corporations other than credit institutions*
36	MESSIER ET ASSOCIES L.L.C.	*Full consolidation*			x			*Financial corporations other than credit institutions*
37	MBCONTACT SOLUTIONS S.R.L.	*Full consolidation*			x			*Non-financial corporations*
38	COMPASS RENT S.R.L.	*Full consolidation*			x			*Non-financial corporations*
39	COMPASS LINK S.R.L.	*Full consolidation*			x			*Financial corporations other than credit institutions*
40	RAM ACTIVE INVESTMENTS LIMITED (UK) (in liquidation)	*Full consolidation*			x			*Financial corporations other than credit institutions*
41	CMB REAL ESTATE DEVELOPMENT S.A.M.	*Full consolidation*	x					*Financial corporations other than credit institutions*
42	SOISY S.P.A.	*Full consolidation*			x			*Financial corporations other than credit institutions*
43	ARMA PARTNERS LLP	*Full consolidation*	x					*Financial corporations other than credit institutions*
44	ARMA PARTNERS CORPORATE FINANCE LTD	*Full consolidation*	x					*Financial corporations other than credit institutions*
45	ARMA DEUTSCHLAND GmbH	*Full consolidation*	x					*Financial corporations other than credit institutions*
46	HEIDI PAY SWITZERLAND AG	*Full consolidation*	x					*Financial corporations other than credit institutions*

Section 3 – Composition of regulatory capital

Qualitative information

The additional Pillar 2 requirement of 1.82% came into force on 1 January 2024 (the "SREP 2023 Decision"); the Mediobanca Group must therefore maintain a CET1 ratio of 8.15%[8] on a consolidated basis, including 2.50% by way of capital conservation buffer, 0.125% of O-SII buffer[9], and 1.0% as the additional Pillar 2 requirement ("P2R"), i.e. 56.25% of the total. The Overall Capital Requirement (OCR) is 12.45%, while the Tier 1 Capital requirement is 9.99%[10].

Common Equity Tier1 (CET1) capital consists of the share attributable to the Group and to minority shareholders of capital paid up, of reserves, including the profit for the period (€611.2m) net of the dividend accrued for 1H FY 2023-24 (€427.8m, corresponding to a payout ratio of 70%), and reflecting a negative contribution from the FVOCI financial assets reserve, which amounted to minus €46.3m, with minus €175.1m attributable to the equity-consolidated Assicurazioni General investment.

The deductions regard:

- Treasury shares as to €270.5m, €13.5m of which in respect of shares actually bought back and owned, and €10.8m of shares still to be acquired under the terms of the share buyback programme currently in progress;
- Intangible assets of €182.3m and goodwill of €876.2m, the latter higher as a result of the acquisition of Arma Partners being completed in October 2023;
- Prudential adjustments to the valuation of financial instruments (AVA and DVA) amounting to €65.7m, down slightly (30/6/23: €75.1m) due to the changes in valuations of financial instruments, and to gains and losses on liabilities due to the evolution of the entity's credit quality;
- The deduction made in relation to the Calendar Provisioning framework, equal to €20.6m, €11.1m of which by way of voluntary deduction for exposures included within the Pillar 2 scope, in line with the provisions of Article 3 of the CRR.
- Holdings in Assicurazioni Generali worth a total of €1,720.8m;

No Additional Tier 1 (AT1) instruments have been issued.

[8] The CET1 ratio as at 31 December 2023 was equal to 15.3%, hence compared to the MDA (Maximum Distributable Amount) requirement, the buffer is approx. 500 bps.
[9] Following the inclusion of Mediobanca among the banks classified as systematically important financial institutions; fully-loaded (i.e. from 2025 onwards), the requirement will become 0.25%.
[10] The requirements do not include the Countercyclical Buffer, which at 31 December 2023 was 0.13%.

Tier 2 capital includes subordinated liabilities, which declined slightly, from €966.6m to €887.6m due to amortization for the period (€79.1m). No subordinated tier 2 issue benefits from the grand-fathering permitted under Articles 483ff of the CRR.

Tier 2 also includes the buffer which results from the writedowns to book value being higher than the prudential expected losses calculated using the advanced models (known as the "buffer"): the surplus here was €126.4m, representing a significant increase in six months (€53.7m higher than at end-June 2023), following the introduction of the AIRB models for the Consumer Finance portfolio, being able to fully include the amount corresponding to the regulatory limit, which is 0.6% of the amounts of the risk-weighted exposures calculated using advanced models; cf. Article 159 of the CRR).

Quantitative information

Template EU CC1 – Composition of regulatory own funds (1/7)

		12/31/2023		06/30/2023	
		a)	b)	a)	b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	2,640,116	160.Share premium accounts 170. Share capital	2,639,775	160.Share premium accounts 170. Share capital
	of which: ordinary shares	2,640,116		2,639,775	
2	Retained earnings	7,957,842	150. Reserves	7,675,283	150. Reserves
3	Accumulated other comprehensive income (and other reserves)	(114,917)	120. Valuation reserves	62,127	120. Valuation reserves
EU-3a	Funds for general banking risk	—		—	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	—		—	
5	Minority interests (amount allowed in consolidated CET1)	36,642	190. Minority shareholders' equity (+/-)	40,002	190. Minority shareholders' equity (+/-)
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	185,168	200. Profit (Loss) for the period	315,148	200. Profit (Loss) for the period
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**10,704,851**		**10,732,335**	

MEDIOBANCA

Template EU CC1 – Composition of regulatory own funds (2/7)

		12/31/2023		06/30/2023	
		a)	b)	a)	b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(54,550)		(61,898)	
8	Intangible assets (net of related tax liability) (negative amount)	(1,058,440)	100. Intangible assets – 70. Liabilities included in disposal groups classified as held for sale (*)	(756,515)	100. Intangible assets – 70. Liabilities included in disposal groups classified as held for sale (*)
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) are met) (negative amount)	—	110. Tax assets	(300)	110. Tax assets
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(11,575)		(164,228)	
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 and indirect holdings by an institution of own CET1 instruments (negative amount)	(270,469)	180. Treasury shares (-)	(78,876)	180. Treasury shares (-)
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)	—		—	

Template EU CC1 – Composition of regulatory own funds (3/7)

		12/31/2023		06/30/2023	
		a)	b)	a)	b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 (CET1) capital: regulatory adjustments				
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)	(2,866,842)	70. Equity investments	(2,687,717)	70. Equity investments
EU-20a*	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(24,915)		(51,515)	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	—		—	
EU-20c*	of which: securitization positions (negative amount)	(24,915)		(51,515)	
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) are met) (negative amount)	—	110. Tax assets	—	110. Tax assets
22	Amount exceeding the 17,65% threshold (negative amount)	(168,949)		(97,990)	
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*	(141,902)	70. Equity investments	(83,978)	70. Equity investments
25	*of which: deferred tax assets arising from temporary differences*	(27,047)	110. Tax assets	(14,012)	110. Tax assets
EU-25a	Losses for the current financial year (negative amount)	—	200. Profit (Loss) for the period	—	200. Profit (Loss) for the period
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	1,283,144		1,344,343	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(3,172,596)**		**(2,554,696)**	
29	**Common Equity Tier 1 (CET1) capital**	**7,532,255**		**8,177,639**	

* The change is entirely due to the purchase of protection on exposures to CLI

Template EU CC1 – Composition of regulatory own funds (4/7)

		12/31/2023		06/30/2023	
		a)	b)		
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	—		—	
31	*of which: classified as equity under applicable accounting standards*	—		—	
32	*of which: classified as liabilities under applicable accounting standards*	—		—	
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) of CRR	—		—	
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1	—		—	
EU-33b	Amount of qualifying items referred to in Article 494b(1) 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	—	190. Minority shareholders' equity (+/-)	—	190. Minority shareholders' equity (+/-)
35	*of which: instruments issued by subsidiaries subject to phase out*	—		—	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**—**		**—**	
	Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct and indirect 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**	**—**		**—**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**7,532,255**		**8,177,639**	

Template EU CC1 – Composition of regulatory own funds (5/7)

		12/31/2023		06/30/2023	
		a)	b)		
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Tier 2 (T2) capital: instruments					
46	Capital instruments and the related share premium accounts	887,567	10. Financial liabilities at amortized cost	966,648	10. Financial liabilities at amortized cost
47	Amount of qualifying items referred to in Article 484 (5) 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) subject to phase out from T2	—		—	
EU-47b	Amount of qualifying items referred to in Article 494b (2) 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	—	190. Minority shareholders' equity (+/-)	—	190. Minority shareholders' equity (+/-)
49	*of which: instruments issued by subsidiaries subject to phase out*	—		—	
50	Credit risk adjustments	126,449		72,742	
51	**Tier 2 (T2) capital before regulatory adjustments**	**1,014,016**		**1,039,389**	
Tier 2 (T2) capital: regulatory adjustments					
52	Direct and indirect 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 and indirect 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 and indirect 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**	**1,014,016**		**1,039,389**	
59	**Total capital (TC = T1 + T2)**	**8,546,270**		**9,217,028**	
60	**Total risk exposure amount**	**49,088,358**		**51,431,549**	

Template EU CC1 – Composition of regulatory own funds (6/7)

		12/31/2023		06/30/2023	
		a)	b)		
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Capital ratios and requirements including buffers					
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.3443 %		15.9000 %	
62	Tier 1 (as a percentage of total risk exposure amount)	15.3443 %		15.9000 %	
63	Total capital (as a percentage of total risk exposure amount)	17.4100 %		17.9210 %	
64	Institution CET1 overall capital requirements	8.0779 %		8.0394 %	
65	*of which: capital conservation buffer requirement*	*2.5000 %*		*2.5000 %*	
66	*of which: countercyclical buffer requirement*	*0.1329 %*		*0.0944 %*	
67	*of which: systemic risk buffer requirement*	—		—	
EU-67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	—		—	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	*0.9450 %*		*0.9450 %*	
68	**Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)**	**7.7300 %**		**8.2410 %**	
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)	398,969		553,081	
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)	(2,816,116)		(2,596,470)	
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)	176,367		160,128	

Template EU CC1 – Composition of regulatory own funds (7/7)

		12/31/2023		06/30/2023	
		a)	b)		
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Applicable caps on the inclusion of provisions in Tier 2					
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	—		—	
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	266,583		403,357	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	398,701		75,308	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	126,449		72,742	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 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)	—		—	

Template EU CC2 – reconciliation of regulatory own funds to balance sheet in the audited financial statements (1/2)

	12/31/2023		
	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period end	As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
10. Cash and cash equivalents	4,743	4,725	
20. Financial assets at fair value through profit or loss	12,413	12,413	
30. Financial assets at fair value through other comprehensive income	6,342	6,342	
40. Financial assets at amortized cost	63,608	63,305	
50. Hedging derivatives	688	688	
60. Change in value of macro-hedged financial assets	—	—	
70. Equity investments	3,693	3,879	19,23
80. Reinsurers' share of technical reserves	—	—	
90. Property, plant and equipment	542	538	
100. Intangible assets	1,105	1,097	8
of which: *goodwill*	883	876	
110. Tax assets	558	557	10,21,25
120. Non-current assets and disposal groups classified as held for sale	—	—	
130. Other assets	1,218	1,210	
Total assets	**94,910**	**94,754**	

Template EU CC2 – reconciliation of regulatory own funds to balance sheet in the audited financial statements (2/2)

	12/31/2023		
	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period end	As at period end	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
10. Financial liabilities at amortized cost	67,560	67,555	46
20. Financial liabilities held for trading	9,349	9,349	
30. Financial liabilities designated at fair value	3,384	3,384	
40. Hedging derivatives	1,391	1,391	
50. Change in value of macro-hedged financial liabilities	—	—	
60. Tax liabilities	552	510	8
70. Liabilities included in disposal groups classified as held for sale	—	—	
80. Other liabilities	1,347	1,333	
90. Provision for employee severance pay	21	21	
100. Provisions for risks and charges	157	156	
110. Technical reserves	94	0	
120. Valuation reserves	(115)	(115)	3
130. Redeemable shares	—	—	
140. Equity	—	—	
150. Reserves	7,958	7,958	2
160.Share premium accounts	2,196	2,196	1
170. Share capital	445	445	1
180. Treasury shares (-)	(136)	(136)	16
190. Minority shareholders' equity (+/-)	96	96	5,34,48
200. Profit (Loss) for the period	611	611	5a,25a
Total liabilities and shareholders' equity	**94,910**	**94,754**	

Template 3.1 Prudential treatment of investments in insurance companies

The table below shows the prudential treatment of the Assicurazioni Generali investment based on Article 471 of the CRR (which is temporary), which allows investments in insurance companies that do not exceed 15% of the investee company's share capital to be weighted at 370% (rather than deducted from CET1), provided there is adequate risk control.

The authorization received from the ECB to apply the transitory regime provided by Article 471 is still subject to compliance with the concentration limit,[11] and requires the share of the investment not deducted because it does not exceed the above limit to be risk-weighted at 370%; the remaining share which does exceed the limit is deducted from regulatory capital accordingly.[12]

With reference to the data as at 31 December 2023, it should be noted that, compared to the situation at end-June 2023, the higher book value of the investment, plus the lower CET1 capital following the launch of the share buyback scheme and the deduction of the Arma Partners goodwill, has meant that a larger share has to be deducted from the investment in order to comply with the concentration limit referred to above.

	12/31/2023		06/30/2023	
	Exposure	RWA	Exposure	RWA
Common Equity Tier 1 instruments of financial sector entities in which the institution has a significant investment	**3,599,523**		**3,472,192**	
of which deducted from own funds	1,720,832		1,439,458	
of which not deducted from own funds	1,878,690	6,951,154	2,032,734	7,521,115
of which 370%	1,878,690	6,951,154	2,032,734	7,521,115
of which 250%	—	—	—	—

[11] Concentration limit equal to 25% of TIER1 capital.
[12] Treatment to become permanent starting from 2025 when the new CRR III comes into force, as mentioned previously.

Table 3.2 – List of subordinated issues included in regulatory capital

Security issued	ISIN	Currency	12/31/2023		06/30/2023	
			Nominal value	Calculated value	Nominal value	Calculated value
MB Subordinato 1.957% 2029	XS1579416741	EUR	50,000	48,504	50,000	48,495
MB SUBORDINATO 2.3% 2030	XS2262077675	EUR	247,625	240,033	248,854	240,387
MB SUBORDINATO 3.75% 2026	IT0005188351	EUR	300,035	142,731	299,750	172,256
MB SUBORDINATO TV con min 3% 2025	IT0005127508	EUR	498,964	165,315	496,805	214,646
MB FIX TO FLOAT 0233	XS2577528016	EUR	299,150	290,984	299,950	290,865
Total subordinated debt securities			**1,395,774**	**887,567**	**1,395,359**	**966,649**

Section 4 – Capital adequacy

Qualitative information

The Group pays particular attention to monitoring its own capital adequacy ratios, to ensure that its capital is commensurate with its risk appetite as well as with the regulatory requirements.

As part of the ICAAP process, the Group assesses its own capital adequacy by considering its capital requirements deriving from exposure to the significant pillar 1 and 2 risks to which the Group is or could be exposed in the conduct of its own current and future business. Sensitivity analyses or stress tests are also carried out to assess the impact of particularly adverse economic conditions on the Group's capital requirements deriving from its exposure to the principal risks (stress testing), in order to appraise its capital resources even in extreme conditions[13].

This capital adequacy assessment takes the form of the ICAAP report which is produced annually and sent to the European Central Bank, along with the resolutions and reports in which the governing bodies express their opinions on related matters according to their respective roles and responsibilities.

Capital adequacy in respect of pillar 1 risks is also monitored by the Chief Financial Office by checking the capital ratios in accordance with the rules established by the Capital Requirements Regulation (CRR/CRR2) – Circular 285.

[13] The most recent regulatory stress testing exercise confirmed the Group's solidity: the Common Equity Tier 1 ratio fully-loaded for the final year of the three-year exercise (2025), in view of the fact that application of the Danish Compromise is set to become permanent, is 15.42% in the base scenario and 10.22% in the adverse scenario; even in the adverse scenario, then, the Common Equity Tier 1 fully loaded ratio is comfortably above the regulatory limits.

Quantitative information

Template EU KM1 – Key metrics template (1/2)

		a	b
		12/31/2023	09/30/2023
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	7,532,255	7,649,149
2	Tier 1 capital	7,532,255	7,649,149
3	Total capital	8,546,270	8,705,615
Risk-weighted exposure (amounts)			
4	Total risk-weighted exposure amount	49,088,358	50,127,112
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	15.3443 %	15.2595 %
6	Tier 1 ratio (%)	15.3443 %	15.2595 %
7	Total capital ratio (%)	17.4100 %	17.3671 %
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.6800 %	1.6800 %
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.9450 %	0.9450 %
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.2600 %	1.2600 %
EU 7d	Total SREP own funds requirements (%)	9.6800 %	9.6800 %
Combined buffer requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5000 %	2.5000 %
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	—	—
9	Institution specific countercyclical capital buffer (%)	0.1329 %	0.1309 %
EU 9a	Systemic risk buffer (%)	—	—
10	Global Systemically Important Institution buffer (%)	—	—
EU 10a	Other Systemically Important Institution buffer	—	—
11	Combined buffer requirement (%)	2.6329 %	2.6309 %
EU 11a	Overall capital requirements (%)	12.3129 %	12.3109 %
12	CET1 available after meeting the total SREP own funds requirements (%)	7.7300 %	7.6871 %
Leverage ratio			
13	Leverage ratio total exposure measure	96,164,675	97,937,127
14	Leverage ratio	7.8327 %	7.8103 %
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	—	—
EU 14b	of which: to be made up of CET1 capital (percentage points)	—	—
EU 14c	Total SREP leverage ratio requirements (%)	3.0000 %	3.0000 %
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	—	—
EU 14e	Overall leverage ratio requirement (%)	3.0000 %	3.0000 %
Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	9,004,160	9,516,211
EU 16a	Cash outflows - Total weighted value	8,323,472	8,542,700
EU 16b	Cash inflows - Total weighted value	2,871,156	2,826,122
16	Total net cash outflows (adjusted value)	5,452,315	5,716,578
17	Liquidity coverage ratio (%)	165.9504%	167.0313%
Net Stable Funding Ratio			
18	Total available stable funding	62,742,958	60,444,308
19	Total required stable funding	52,482,253	51,728,394

20	NSFR ratio (%)	119.5508%	116.8494%

Template EU KM1 – Key metrics template (2/2)

		c	d	e
		06/30/2023	03/31/2023	12/31/2022
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	8,177,639	7,792,732	7,952,591
2	Tier 1 capital	8,177,639	7,792,732	7,952,591
3	Total capital	9,217,028	8,881,224	8,815,257
Risk-weighted exposure (amounts)				
4	Total risk-weighted exposure amount	51,431,549	51,006,378	52,573,562
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	15.9000 %	15.2780 %	15.1266 %
6	Tier 1 ratio (%)	15.9000 %	15.2780 %	15.1266 %
7	Total capital ratio (%)	17.9210 %	17.4120 %	16.7675 %
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)				
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	1.6800 %	1.6800 %	1.5800 %
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.9450 %	0.9450 %	0.8888 %
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.2600 %	1.2600 %	1.1850 %
EU 7d	Total SREP own funds requirements (%)	9.6800 %	9.6800 %	9.5800 %
Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.5000 %	2.5000 %	2.5000 %
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	—	—	—
9	Institution specific countercyclical capital buffer (%)	0.0944 %	0.0655 %	0.0546 %
EU 9a	Systemic risk buffer (%)	—	—	—
10	Global Systemically Important Institution buffer (%)	—	—	—
EU 10a	Other Systemically Important Institution buffer	—	—	—
11	Combined buffer requirement (%)	2.5944 %	2.5655 %	2.5546 %
EU 11a	Overall capital requirements (%)	12.2744 %	12.2455 %	12.1346 %
12	CET1 available after meeting the total SREP own funds requirements (%)	8.2410 %	7.2673%	7.1875 %
Leverage ratio				
13	Leverage ratio total exposure measure	97,270,380	97,374,969	97,091,818
14	Leverage ratio	8.4071 %	8.0028 %	8.1908 %
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)				
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	—	—	—
EU 14b	of which: to be made up of CET1 capital (percentage points)	—	—	—
EU 14c	Total SREP leverage ratio requirements (%)	3.0000 %	3.0000 %	3.0000 %
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)				
EU 14d	Leverage ratio buffer requirement (%)	—	—	—
EU 14e	Overall leverage ratio requirement (%)	3.0000 %	3.0000 %	3.0000 %
Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	9,478,729	9,058,043	8,538,573
EU 16a	Cash outflows - Total weighted value	8,766,906	8,929,307	8,908,444
EU 16b	Cash inflows - Total weighted value	2,882,133	3,144,587	3,467,424
16	Total net cash outflows (adjusted value)	5,884,773	5,784,720	5,441,019
17	Liquidity coverage ratio (%)	161.0830%	156.4409%	156.5643%
Net Stable Funding Ratio				
18	Total available stable funding	63,677,289	61,478,643	63,687,682

19	Total required stable funding	53,364,548	53,187,229	54,622,821
20	NSFR ratio (%)	119.3251%	115.5891%	116.5954%

The phase-in Common Equity Ratio – calculated as tier 1 capital as a percentage of total risk-weighted assets with the Danish Compromise applied[14]– amounted to 15.34%: the approx. 60 bps reduction in the six months since end-June 2023 (15.90%) reflects the effects of the acquisitions and other extraordinary transactions executed, which have used up some 100 bps (Arma Partners acquisition goodwill 60 bps and share buyback 45 bps, with the Revalea disposal adding back 10 bps), plus the introduction of the AIRB models for the Consumer Finance loan book (accounting for around 25 bps, corresponding to an extra approx. €900m in RWAs). Much of the reduction was offset by ordinary operations, which include retained earnings (which contributed 35 bps net of the 70% payout), the recovery posted by the FVOCI reserves (which added 10 bps), and careful loan portfolio management (which added 80 bps in relation to the approx. €2.6bn reduction in RWAs) due to selectiveness in new loans and increased use of risk mitigation techniques, for the CIB loan book in particular. There were also the higher deductions for the Assicurazioni Generali investment, which accounted for (45 bps), which should reduce when the dividend is collected.

The phase-in Total Capital Ratio with application of the Danish Compromise reduced from 17.92% to 17.41%, due to prudential amortization of the Tier 2 instruments.

As the phase-in regime for the FTA impact of IFRS 9 has now ended, the only difference remaining between the phase-in and fully-loaded ratios is the application of the Danish compromise: the fully-loaded CET1 ratio, i.e. with the Assicurazioni Generali stake fully deducted (which accounted for approx. 107 bps, equal to €1,315m), came in at 14.28%, while the fully-loaded Total Capital ratio stood at 16.61%, both lower than at 30 June 2023 (14.93% and 17.21% accordingly).

The Group continues not to take up the option to extend the sterilization of the valuation reserves for government securities.[15]

With regard to liquidity ratios (Liquidity Coverage Ratio - LCR and Net Stable Funding Ratio - NSFR), please refer to the specific paragraph (Section 6).

[14] Permanent as from 2025, as stated in Section 2 of this document.
[15] Regulation (EU) 2020/873 amending Regulations (EU) No. 575/2013 and (EU) No. 2019/876 as regards certain adjustments in response to the COVID-19 pandemic (the “CRR Quick Fix”).

Template EU OV1 – Overview on risk-weighted exposures (RWA)

		RWA		Capital requirements
		a	b	c
		12/31/2023	09/30/2023	12/31/2023
1	Credit risk (excluding CCR)	40,401,492	41,327,470	3,232,119
2	of which the standardized approach	19,520,037	19,968,908	1,561,603
3	of which the foundation IRB (FIRB) approach	—	—	—
4	of which: slotting approach	—	—	—
EU 4a	of which: equities under the simple risk weighted approach	—	—	—
5	of which the advanced IRB (AIRB) approach	20,881,455	21,358,562	1,670,516
6	Counterparty credit risk - CCR	1,999,998	1,907,475	160,000
7	of which the standardized approach	664,040	516,274	53,123
8	of which internal model method (IMM)	—	—	—
EU 8a	of which exposures to a CCP	4,167	8,167	333
EU 8b	of which credit valuation adjustment - CVA	426,610	406,728	34,129
9	of which other CCR	905,181	976,306	72,415
15	Settlement risk	—	—	—
16	Securitization exposures in the non-trading book (after the cap)	97,476	101,407	7,798
17	of which SEC-IRBA approach	—	—	—
18	of which SEC-ERBA (including IAA)	56,400	49,705	4,512
19	of which SEC-SA approach	41,076	51,702	3,286
EU 19a	of which 1250%	—	—	—
20	Position, foreign exchange and commodities risks (Market risk)	1,905,253	2,106,623	152,420
21	of which the standardized approach	1,905,253	2,106,623	152,420
22	of which IMA	—	—	—
EU 22a	Large exposures	—	—	—
23	Operational risk	4,684,138	4,684,138	374,731
EU 23a	of which basic indicator approach	4,684,138	4,684,138	374,731
EU 23b	of which standardized approach	—	—	—
EU 23c	of which advanced measurement approach	—	—	—
24*	Amounts below the thresholds for deduction (subject to 250% risk weight)*	922,487	832,964	73,799
29	**Total**	**49,088,358**	**50,127,112**	**3,927,069**

* The data shown in this row has been included on a purely indicative basis, as the amount shown here is also included in row 1 of this table, in which institutions are invited to provide information on credit risk.

Template EU CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer as at 31 December 2023 (1/2)

	a	b	c	d	e	f
	Exposures in the banking book		Exposures in the trading book		Exposures in securitization	Total exposure value
	Exposure value under SA approach	Exposure value under AIRB approach	Sum of long and short positions	Exposure value under internal models		
Italy	10,963,208	35,441,562	144.606	—	304,388	46,853,764
United Arab Emirates	13,958	4,700	—	—	—	18,658
Australia	17,207	—	—	—	—	17,207
Austria	18,030	43,744	371	—	—	62,145
Belgium	32,594	47,779	1,286	—	—	81,659
Bulgaria	2,763	—	—	—	—	2,763
Canada	3,350	—	—	—	—	3,350
China	2,140	—	—	—	—	2,140
Denmark	417	11,198	14	—	—	11,629
Ethiopia	0	—	—	—	—	0
Finland	191	—	849	—	—	1,041
France	473,328	1,856,885	27,134	—	—	2,357,347
Germany	269,323	997,915	31,391	—	—	1,298,629
Japan	286	—	—	—	—	286
Greece	41,182	—	—	—	—	41,182
Hong Kong	51	54,848	—	—	—	54,899
Ireland	37,469	192,219	46,266	—	—	275,954
Iceland	—	—	—	—	—	—
Cayman Islands	14	—	4,117	—	—	4,131
Virgin Islands, British	2	67,990	4,410	—	—	72,402
Luxembourg	105,634	754,953	3,697	—	—	864,284
Mexico	95,371	—	—	—	—	95,371
Monaco	961,648	67,878	559	—	—	1,030,084
Norway	2,014	—	2	—	—	2,015
Netherlands	53,656	675,690	22,501	—	—	751,847
Portugal	19,059	282,425	56	—	—	301,541
United Kingdom	2,194,159	674,527	28,223	—	—	2,896,910
Romania	57,001	—	—	—	—	57,001
Russian Federation	45,568	—	—	—	—	45,568
Singapore	48,885	24,434	—	—	—	73,320
Spain	415,887	1,582,252	5,271	—	—	2,003,409
Sweden	26,661	35,859	509	—	—	63,030
Switzerland	47,302	153,141	63,220	—	—	263,663
Turkey	19,409	15,149	—	—	—	34,558
United States of America	254,096	1,226,404	550,982	—	—	2,031,482
Slovakia	7,014	—	—	—	—	7,014
Bulgaria	2,763	—	—	—	—	2,763
Norway	2,014	—	2	—	—	2,015
Croatia	784	—	—	—	—	784
Estonia	593	—	—	—	—	593
Cyprus	48	—	—	—	—	48
Iceland	—	—	—	—	—	—
Other countries	277,832	595,331	630	—	—	873,793
Total	**16,512,908**	**44,806,885**	**936,097**	—	**304,388**	**62,560,278**

Template EU CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer as at 31 December 2023 (2/2)

	g	h	i	j	k	l	m
	Own funds requirement						
	of which: generic credit exposures	of which: credit exposures of the trading book	of which: securitization positions in the banking book	Total	Risk-weighted exposure amounts	Weighting factors of own fund requirement	Countercyclical coefficient
Italy	2,494,669	10,616	7,798	2,513,083	31,413,536	78.1383%	—
United Arab Emirates	518	—	—	518	6,477	0.0161%	—
Australia	336	—	—	336	4,195	0.0104%	1.0000%
Austria	1,354	30	—	1,384	17,295	0.0430%	—
Belgium	3,300	103	—	3,403	42,531	0.1058%	—
Bulgaria	89	—	—	89	1,109	0.0028%	2.0000%
Canada	195	—	—	195	2,435	0.0061%	—
China	105	—	—	105	1,311	0.0033%	—
Denmark	476	1	—	478	5,969	0.0149%	2.5000%
Ethiopia	—	—	—	—	—	0.0000%	—
Finland	6	68	—	74	930	0.0023%	—
France	93.575	1.648	—	95,222	1,190,280	2.9607%	0.5000%
Germany	44.792	2.419	—	47,211	590,141	1.4679%	0.7500%
Japan	12	—	—	12	152	0.0004%	—
Greece	2.697	—	—	2,697	33,717	0.0839%	—
Hong Kong	748	—	—	748	9,347	0.0233%	1.0000%
Ireland	12.141	2,958	—	15,099	188,740	0.4695%	1.0000%
Iceland	—	—	—	—	—	0.0000%	2.0000%
Cayman Islands	0	115	—	116	1,447	0.0036%	—
Virgin Islands, British	833	353	—	1,186	14,821	0.0369%	—
Luxembourg	75,431	296	—	75,726	946,579	2.3545%	0.5000%
Mexico	3,147	—	—	3,147	39,335	0.0978%	—
Monaco	48,623	—	—	48,623	607,791	1.5118%	—
Norway	100	0	—	100	1,255	0.0031%	2.5000%
Netherlands	27,385	1,049	—	28,434	355,429	0.8841%	1.0000%
Portugal	12,300	5	—	12,304	153,805	0.3826%	—
United Kingdom	122,226	535	—	122,760	1,534,506	3.8169%	2.0000%
Romania	929	—	—	929	11,612	0.0289%	1.0000%
Russian Federation	2,268	—	—	2,268	28,348	0.0705%	—
Singapore	2,797	—	—	2,797	34,962	0.0870%	—
Spain	86,111	422	—	86,533	1,081,662	2.6905%	—
Sweden	3,849	34	—	3,883	48,534	0.1207%	2.0000%
Switzerland	5,465	768	—	6,233	77,910	0.1938%	—
Turkey	1,779	—	—	1,779	22,242	0.0553%	—
United States of America	64,988	1,761	—	66,750	834,371	2.0754%	—
Slovakia	213	—	—	213	2,661	0.0066%	1.5000%
Bulgaria	89	—	—	89	1,109	0.0028%	2.0000%
Norway	100	0	—	100	1,255	0.0031%	2.5000%
Croatia	17	—	—	17	212	0.0005%	1.0000%
Estonia	47	—	—	47	593	0.0015%	1.5000%
Cyprus	3	—	—	3	36	0.0001%	0.5000%
Iceland	—	—	—	—	—	0.0000%	2.0000%
Other countries	71.457	50	—	71,508	893,848	2.2234%	0.0000%
Total	**3,185,171**	**23,230**	**7,798**	**3,216,199**	**40,202,492**	**100.0000%**	

Template EU CCyB2: Amount of institution-specific countercyclical capital buffer as at 31 December 2023

		a
1	Total risk exposure amount (RWA)	49,088,358
2	Specific countercyclical coefficient of the institution	0.1329 %
3	**Specific countercyclical capital buffer requirement of the institution**	**65,261**

Section 5 – Financial leverage

Qualitative information

The leverage ratio (the "**Leverage ratio**") is intended to keep down borrowings and reduce excessive recourse to financial leverage in the banking sector, strengthening the capital ratios through the use of another, non-risk-based indicator; it is calculated as the ratio between regulatory Tier 1 capital and the Group's overall aggregate exposure, which includes assets net of any deductions from Tier 1, off-balance-sheet exposures with credit conversion factors (CCF) applied to them, and specific treatment for operations in derivatives and SFT (this entails netting against the liability where this is provided by the CRM, a specific regulatory add-on for potential future exposures in derivatives and application of the regulatory haircut established for SFT operations).

The ratio is calculated on a quarterly basis, point-in-time, on both an individual and consolidated basis. Averages values for exposures in SFTs with no impact on the ratio (again calculated based on the point-in-time reading) are also required to be provided in the prudential reporting, for information purposes only.

It is also subject to monitoring, and is one of the reference metrics in the Risk Appetite Framework for managing risks and preserving the Group's capital adequacy.

Furthermore, CRR/CRR II defines the means by which the ratio is to be calculated, providing in particular that:

- Exposures to transactions in derivative contracts must be valued using the Standardized approach for measuring counterparty credit risk exposures (SA-CCR), and so calculated as the sum between net market value, if positive, and potential future exposure, with the possibility if certain conditions are met of deducting the margin of change in cash;
- For credit derivatives sold, the ratio can be measured on the basis of the gross notional amount rather than at fair value, with the possibility of deducting the changes in fair value recorded through the profit and loss account from the notional amount (as negative components); protection sold can also be offset by protection acquired if given criteria are respected;
- In secured financing transactions real guarantees received cannot be used to reduce the value of the exposure, whereas cash receivables and payables deriving from such transactions can be netted, provided they have the same counterparty and make reference to the same netting agreement;
- The other off-balance-sheet exposures reflect the credit conversion factors;

— The other exposures are recognized at the book value remaining following application of the specific loan loss provisions, supplementary value adjustments and other reductions to own funds in respect of the asset items.

Quantitative information

As at 31 December 2023, the leverage ratio, calculated in accordance with the provisions of Commission Delegated Regulation No. 62/2015, and those for defining the measurement of capital (Tier 1 capital with Danish Compromise), was 7.8%, slightly lower than the ratio recorded at end-June 2023 (8.4%), but still comfortably above the minimum regulatory limit of 3% and the sector average (5.7%).

The following templates show the Mediobanca Group's leverage ratio values at 31 December 2023, stated in accordance with the CRR/CRR II principles.

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

		12/31/2023	06/30/2023	12/31/2022
		a	b	c
		Applicable amount		
1	Total assets as per published financial statements	94,910,341	91,639,017	93,737,801
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(156,848)	(152,827)	(169,479)
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 bank (if applicable))	—	—	—
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio 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	Adjustments for derivative financial instruments	(772,512)	(2,013,614)	(2,251,285)
9	Adjustment for securities financing transactions (SFTs)	(1,383,308)	526,191	(167,574)
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	6,021,348	9,184,648	6,105,925
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 leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	(264,529)	(202,676)	(180,754)
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	—	—	—
12	Other adjustments	(2,189,817)	(1,710,359)	17,183
13	**Total exposure measure**	**96,164,675**	**97,270,380**	**97,091,818**

Template EU LR2 – LRCom: Leverage ratio common disclosure (1/3)

		CRR leverage ratio exposures		
		a	b	c
		12/31/2023	06/30/2023	12/31/2022
On-balance sheet exposures (excluding derivatives and SFTs)				
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	84,539,790	82,899,367	86,118,685
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	7,005	8,145	2,125
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)	—	—	—
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**84,546,795**	**82,907,512**	**86,120,810**
Derivative exposures				
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	1,017,950	958,817	1,059,559
EU-8ª	Derogation for derivatives: replacement costs contribution under the simplified standardized approach	4,283	5,258	13,931
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	1,145,266	1,217,437	1,182,414
EU-9ª	Derogation for derivatives: Potential future exposure contribution under the simplified standardized approach	4,805	2,973	4,507
EU-9b	Exposure determined under Original Exposure Method	186	222	256
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	—	—	—
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardized approach)	—	—	—
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	—	—	—
11	Adjusted effective notional amount of written credit derivatives	2,307,314	2,834,997	2,647,129
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(2,092,174)	(2,834,997)	(2,647,129)
13	**Total derivatives exposures**	**2,387,631**	**2,184,708**	**2,260,667**

Template EU LR2 – LRCom: Leverage ratio common disclosure (2/3)

		CRR leverage ratio exposures		
		12/31/2023	06/30/2023	12/31/2022
		a	b	c
	Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	5,530,647	3,449,318	3,330,628
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(4,804,833)	(2,377,202)	(2,893,482)
16	Counterparty credit risk exposure for SFT assets	3,421,526	2,903,393	2,725,908
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**	**4,147,340**	**3,975,509**	**3,163,054**
	Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	17,453,949	15,557,157	12,846,006
20	(Adjustments for conversion to credit equivalent amounts)	(11,953,457)	(6,908,855)	(6,827,650)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	—	—	—
22	**Off-balance sheet exposures**	**5,500,492**	**8,648,302**	**6,018,357**
	Excluded exposures			
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	(264,529)	(202,676)	(180,754)
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)	(153,054)	(242,974)	(290,316)
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)**	**(417,583)**	**(445,650)**	**(471,071)**

Template EU LR2 – LRCom: Leverage ratio common disclosure (3/3)

		CRR leverage ratio exposures		
		12/31/2023	06/30/2023	12/31/2022
		a	b	c
	Capital and total exposure measure			
23	**Tier 1 capital**	**7,532,255**	**8,177,639**	**7,952,591**
24	**Total exposure measure**	**96,164,675**	**97,270,380**	**97,091,818**
	Leverage ratio			
25	Leverage ratio	7.8327 %	8.4071 %	8.1908 %
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	7.8327 %	8.4071 %	8.1908 %
25 a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	7.8327 %	8.4071 %	8.1908 %
26	Regulatory minimum leverage ratio requirement (%)	3.0000 %	3.0000 %	3.0000 %
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-27°	Overall leverage ratio requirement (%)	3.0000 %	3.0000 %	3.0000 %
	Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	transitional	transitional	transitional
	Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	746,394	1,231,464	653,276
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	725,814	1,072,116	437,146
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)	96,185,254	97,429,729	97,307,947
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)	96,185,254	97,429,729	97,307,947
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)	7.8310 %	8.3934 %	8.1726 %
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)	7.8310 %	8.3934 %	8.1726 %

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

		12/31/2023	06/30/2023	12/31/2022
		a	b	c
		CRR leverage ratio exposures		
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**84,125,430**	**82,548,160**	**85,733,170**
EU-2	Trading book exposures	8,976,628	7,171,850	5,551,678
EU-3	Banking book exposures, of which:	75,148,802	75,376,310	80,181,492
EU-4	Covered bonds	56,433	54,246	55,160
EU-5	Exposures treated as sovereigns	13,599,814	12,414,393	16,338,515
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	123,769	125,450	307,776
EU-7	Institutions	4,424,260	3,678,269	3,520,643
EU-8	Secured by mortgages of immovable properties	13,352,749	13,400,590	13,144,912
EU-9	Retail exposures	15,667,115	15,408,120	15,222,914
EU-10	Corporates	21,562,810	23,203,587	24,187,056
EU-11	Exposures in default	384,534	622,347	622,919
EU-12	Other exposures (e.g. equity, securitizations, and other non-credit obligation assets)	5,977,317	6,469,308	6,781,597

Section 6 – Liquidity risk

As at 31 December 2023 the LCR was 155.8%. The ratio has shown limited variability in the first six months of the financial years, with highs recorded towards year-end 2023, driving an average reading for 6M of 171%, higher than the annual average figure for 12M last year (161%). The increase in the annual average relative to the target figure set by management is due to the strategic pre-funding choice made by Group Treasury ahead of the partial early repayments of the T-LTRO facilities in September and December 2023, with further repayments scheduled in 1H 2024.

In a scenario that still appears uncertain due to the threat of geopolitical risk, Group Treasury governed highly liquid assets by combining the necessary broad liquidity, aimed at mitigating risk, with commercial strategies, aimed at the profitable monetisation of their use: as at 31 December, more than 2 billion of highly liquid assets were used in uncollateralised securities lending transactions with short maturities to highly rated counterparties.

During the six months the Group has been quick to take the opportunities offered by the market, successfully completing placements of debt securities, and particular attention being devoted to the Net New Money collected by the Wealth Management division, which has undergone a process of transformation, from on demand accounts to term deposits.

The trend in HQLAs is influenced by the amount of Level 1 assets (as defined in Article 10 of Commission Delegated Regulation (EU) 2015/61), which are used as the main risk mitigation and control instrument by Group Treasury. For the same reason, between inflows and outflows, cash movements linked to secured operations always have a significant and variable impact over time. Furthermore, the main components that impact on outflows are retail and wholesale deposits and potential cash outflows due to irrevocable credit lines.

The table below shows the quantitative information on the Group's Liquidity Coverage Ratio (LCR), measured in accordance with the EU regulations (CRR and CRD IV) and subject to monthly reporting to the competent supervisory authority (this indicator includes the prudential estimate of "additional liquidity outflows for other products and services" in accordance with Article 23 of Commission Delegated Regulation (EU) 2015/61. The data shown is calculated as the simple average of the month-end readings recorded in the twelve months prior to the end of each quarter (Regulation (EU) 2021/637).

Template EU LIQ1: Liquidity Coverage Ratio (1/2)

Data in millions of euros		a	b	c	d
		Total unweighted value (average)			
EU 1a	Quarter ending on	12/31/2023	09/30/2023	06/30/2023	03/31/2023
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS				
1	**Total high-quality liquid assets (HQLA)**				
	CASH - OUTFLOWS				
2	Retail deposits and deposits from small business customers, of which:	20,820	20,885	20,947	20,914
3	*Stable deposits*	11,819	11,911	12,071	12,207
4	*Less stable deposits*	7,757	7,862	8,081	8,211
5	Unsecured wholesale funding	6,136	6,617	7,026	7,365
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	—	—	—	—
7	Non-operational deposits (all counterparties)	5,782	6,289	6,666	6,871
8	Unsecured debt	355	328	360	494
9	Secured wholesale funding				
10	Additional requirements	9,951	10,037	10,162	10,016
11	Outflows related to derivative exposures and other collateral requirements	462	446	437	399
12	Outflows related to loss of funding on debt products	—	—	—	—
13	Credit and liquidity facilities	9,489	9,591	9,725	9,617
14	Other contractual funding	2,389	2,342	2,258	2,075
15	Other contingent funding obligations	3,495	3,669	3,965	4,323
16	**TOTAL CASH OUTFLOWS**				
	CASH – INFLOWS				
17	Secured lending (e.g. reverse repos)	2,362	2,101	2,124	2,426
18	Inflows from fully performing exposures	2,079	2,081	2,019	1,987
19	Other cash inflows	2,045	2,113	2,198	2,207
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 specialized credit institution)				
20	**TOTAL CASH INFLOWS**	**6,485**	**6,295**	**6,342**	**6,620**
EU-20a	*Fully exempt inflows*	—	—	—	—
EU-20b	*Inflows subject to 90% cap*	—	—	—	—
EU-20c	*Inflows subject to 75% cap*	6,442	6,218	6,229	6,507
	TOTAL ADJUSTED VALUE				
EU-21	LIQUIDITY BUFFER				
22	TOTAL NET CASH OUTFLOWS				
23	LIQUIDITY COVERAGE RATIO (%)				

Template EU LIQ1: Liquidity Coverage Ratio (2/2)

Data in millions of euros		e	f	g	h
		Total weighted value (average)			
EU 1a	Quarter ending on	12/31/2023	09/30/2023	06/30/2023	03/31/2023
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS				
1	**Total high-quality liquid assets (HQLA)**	**9,004**	**9,516**	**9,479**	**9,058**
	CASH - OUTFLOWS				
2	Retail deposits and deposits from small business customers, of which:	1,714	1,696	1,699	1,684
3	*Stable deposits*	591	*596*	*604*	*610*
4	*Less stable deposits*	1,123	*1,101*	*1,095*	*1,074*
5	Unsecured wholesale funding	3,311	3,504	3,668	3,860
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	—	—	—	—
7	Non-operational deposits (all counterparties)	2,956	*3,176*	*3,309*	*3,366*
8	Unsecured debt	355	*328*	*360*	*494*
9	Secured wholesale funding	275	*315*	*380*	*524*
10	Additional requirements	1,809	1,767	1,860	1,853
11	Outflows related to derivative exposures and other collateral requirements	462	*446*	*437*	399
12	Outflows related to loss of funding on debt products	—	—	—	—
13	Credit and liquidity facilities	1,347	*1,322*	*1,423*	*1,454*
14	Other contractual funding	905	925	815	629
15	Other contingent funding obligations	309	335	345	380
16	**TOTAL CASH OUTFLOWS**	**8,323**	**8,543**	**8,767**	**8,929**
	CASH – INFLOWS				
17	Secured lending (e.g. reverse repos)	425	341	347	587
18	Inflows from fully performing exposures	1,536	1,530	1,497	1,482
19	Other cash inflows	910	955	1,038	1,076
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	Secured lending (e.g. reverse repos)	—	—	—	—
20	**TOTAL CASH INFLOWS**	**2,871**	**2,826**	**2,882**	**3,145**
EU-20a	*Fully exempt inflows*	—	—	—	—
EU-20b	*Inflows subject to 90% cap*	—	—	—	—
EU-20c	*Inflows subject to 75% cap*	2,871	2,826	2,882	*3,145*
	TOTAL ADJUSTED VALUE				
EU-21	LIQUIDITY BUFFER	9,004	9,516	9,479	9,058
22	TOTAL NET CASH OUTFLOWS	5,452	5,717	5,885	5,785
23	LIQUIDITY COVERAGE RATIO (%)	165.9504%	167.0313%	161.0830%	156.4409%

Currency mismatches in calculating the Liquidity Coverage Ratio

In order to manage and monitor any mismatches between currencies, the Group carries out regular checks to ascertain if the liabilities held in a given foreign currency account for 5% or more of the total liabilities. Breach of this limit, set by Regulation (EU) No. 575/2013, for a given currency results in its being assigned "significant" status, and means the entity is obliged to calculate the LCR in the currency concerned. As at 31 December 2023, the Mediobanca Group has two such "significant" currencies at consolidated level, namely the Euro (EUR) and the US Dollar (USD). Monitoring of possible currency mismatches between liquid assets and net cash outflows shows that the Group is easily capable of managing any such imbalances, partly through holding HQLA in USD as mentioned above, and partly as a result of its ability to tap the FX market easily in order to transform excess liquidity in EUR into USD.

Exposures in derivatives and potential collateral calls

The Mediobanca Group executes derivative contracts (both with central counterparties and OTC) sensitive to different risk factors. Changes in market conditions, influencing potential future exposures to such derivative contracts, could introduce commitments in terms of liquidity which would require collateral to be paid in cash or other financial instruments in the event of adverse market movements occurring. The Historical Look Back Approach is adopted in order to quantify any increases in the collateral required. The amounts thus determined are included in the LCR's additional outflows, and so contribute to the calculation of the minimum Liquidity Buffer. The risk of incurring such outflows is therefore mitigated by holding highly liquid assets to cover them.

Concentration of liquidity and funding sources

The adequacy of the structure and cost of funding is ensured through ongoing diversification. Monitoring is performed through the preparation of reports on loan concentration both by product and counterparty. The Group's main sources of funding are: (i) deposits from the domestic retail market, (ii) funding from institutional clients, split between collateralized (secured financing transactions, covered bonds and ABS) and non-collateralized (debt securities, CD/CP, and deposits from institutional clients); and (iii) refinancing operations with the Eurosystem.

Description of liquidity reserves

The liquidity reserves are the most effective instrument for mitigating the negative effects of liquidity risk, which is why the Mediobanca Group monitors the reserves of liquidity available on an ongoing basis.

As at 31 December 2023, the counterbalancing capacity totalled €17.8bn, made up as follows: €3.1bn in Level 1 tradable assets; €4.6bn in reserves held at the ECB plus banknotes; €7.4bn in loans eligible for refinancing with the ECB; and €2.7bn in non-HQLAs. The figure is higher than at end-June 2023 (€16.6bn). Pre-funding activity has led to an increase in the liquidity reserves, to be used to make the anticipated early repayments on the T-LTRO facilities in the six months. The amount of available securities eligible for delivery in return for cash from the ECB in order to obtain liquidity immediately totalled €13bn. The balance of the collateral established with the European Central Bank totalled €12.8bn, approx. €9.5bn of which immediately available and unused (i.e. usable when needed to obtain immediate liquidity (within the working day) from the Central Bank for a similar countervalue) and included in the counterbalancing capacity accordingly (as at June 2023 the figures were €11.9bn and €6.4bn respectively).

Scope of consolidation (consolidated)	Unencumbered (net of haircuts)	
Currency and units (million Euro)	06/30/2023	12/31/2023
TOTAL GROUP LIQUIDITY RESERVES	**16,606**	**17,772**
Total high-quality liquid assets (HQLA)	**9,728**	**7,681**
Cash and deposits held with central banks (HQLA)	4,076	4,574
Highly liquid securities (HQLA)	5,652	3,107
of which:		
Level 1	*5,625*	*3,091*
Level 2	*27*	*16*
Other eligible reserves	**6,878**	**10,091**

Other items relevant to liquidity risk not included in EU LIQ1

The Group monitors intraday liquidity carefully through the use of the monitoring instruments introduced by the Basel Committee on Banking Supervision (BCBS).

As an intraday liquidity risk mitigation instrument, Group Treasury has to maintain a minimum quantity of highly liquid reserves to meet any unexpected payments that may arise in the course of the day.

For medium-/long-term liquidity management, the Bank has adopted the Net Stable Funding Ratio (NSFR), the liquidity standard introduced as part of the Basel III reforms. The objective of the ratio is to ensure that financial institutions have adequate stable long-term financing to support their activities and off-balance-sheet commitments. The NSFR is calculated as the ratio between Available Stable Funding (ASF) and Required Stable Funding (RSF) over a one-year time horizon. The regulations require the ratio to be above 100%, representing the fact that the Bank has sufficient stable funds with which to cover its financing requirements during a period of financial stress. As at 31 December 2023, the NSFR stood at 119.6%, above the 100% regulatory limit and in line with the RAF target. The ratio has remained very stable in the course of the six months (vs 119.3% as at end-June 2023). This has been made possible by the strategic decision by Group Treasury to carry out pre-funding activity, which has enabled new placements of debt securities to be completed, taking the opportunities presented by the market (issues worth €2.4bn have been made) to offset the early repayments on the T-LTRO facilities made in September and December 2023 (€2.3bn), and also by the decrease in assets in the Lending area (down €1.3bn). The NSFR has recorded a slight reduction from September 2023 (116.9%), being penalized in particular by the reduction in the average duration of the T-LTRO for the €1.3bn tranche which generated an impact in terms of the ASF equal to half its notional value.

Template EU LIQ2 below shows the quantitative information for the Group's Net Stable Funding Ratio (NSFR).

Template EU LIQ2: Net Stable Funding Ratio (1/2) – 12/31/2023

	(in currency amount)	12/31/2023				
		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	10,397,740	—	—	1,395,773	11,793,513
2	*Own funds*	10,397,740	—	—	1,014,016	11,411,756
3	*Other capital instruments*		—	—	381,757	381,757
4	Retail deposits		20,674,267	357,840	1,266,027	20,798,775
5	*Stable deposits*		12,076,397	643	-	11,473,188
6	*Less stable deposits*		8,597,870	357,197	1,266,027	9,325,587
7	Wholesale funding:		17,150,276	7,096,466	22,659,197	29,189,271
8	*Operational deposits*		—	—	—	—
9	*Other wholesale funding*		17,150,276	7,096,466	22,659,197	29,189,271
10	Interdependent liabilities		—	—	—	—
11	Other liabilities:	2,466,961	6,542,994	—	961,400	961,400
12	*NSFR derivative liabilities*	2,466,961				
13	*All other liabilities and capital instruments not included in the above categories*		6,542,994	—	961,400	961,400
14	**Total available stable funding (ASF)**					**62,742,958**

Template EU LIQ2: Net Stable Funding Ratio (2/2) – 12/31/2023

	(in currency amount)	12/31/2023				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					870,157
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		—	—	4,457,316	3,788,719
16	Deposits held at other financial institutions for operational purposes		—	—	—	—
17	Performing loans and securities:		16,130,557	4,953,309	40,609,119	40,632,067
18	*Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut*		3,814,550	341,713	380,581	706,741
19	*Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions*		2,208,445	507,877	3,252,035	3,675,125
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		6,208,678	3,525,486	21,146,061	28,937,809
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		—	—	—	5,744,125
22	*Performing residential mortgages, of which:*		375,346	308,465	8,311,107	—
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		375,346	308,465	8,311,107	—
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*		3,523,538	269,768	7,519,335	7,312,393
25	Interdependent assets		—	—	—	—
26	Other assets:		6,382,540	55,338	4,534,107	6,715,939
27	*Physical traded commodities*				51,219	43,536
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		609,019	—	109,281	610,555
29	*NSFR derivative assets*		0			—
30	*NSFR derivative liabilities before deduction of variation margin posted*		3,572,238			*178,612*
31	*All other assets not included in the above categories*		2,201,282	55,338	4,373,608	5,883,236
32	Off-balance sheet items		409,497	223,731	8,873,998	475,372
33	**Total RSF at 12/31/2023**					**52,482,253**
34	**Net Stable Funding Ratio (%) at 12/31/2023**					**119.5508%**

Template EU LIQ2: Net Stable Funding Ratio (1/2) – 09/30/2023

	(in currency amount)	09/30/2023				
		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	10,296,660	—	—	1,396,777	11,693,437
2	*Own funds*	10,296,660	—	—	1,056,465	11,353,125
3	*Other capital instruments*		—	—	340,312	340,312
4	Retail deposits		20,465,231	214,529	1,339,403	20,533,733
5	*Stable deposits*		11,650,781	148	-	11,068,382
6	*Less stable deposits*		8,814,450	214,381	1,339,403	9,465,351
7	Wholesale funding:		18,307,166	7,923,452	19,711,870	26,778,956
8	*Operational deposits*		—	—	—	—
9	*Other wholesale funding*		18,307,166	7,923,452	19,711,870	26,778,956
10	Interdependent liabilities		—	—	—	—
11	Other liabilities:	2,139,640	5,778,926	265,697	1,305,334	1,438,183
12	*NSFR derivative liabilities*	2,139,640				
13	*All other liabilities and capital instruments not included in the above categories*		5,778,926	265,697	1,305,334	1,438,183
14	**Total available stable funding (ASF) at 09/30/2023**					**60,444,309**

Template EU LIQ2: Net Stable Funding Ratio (2/2) – 09/30/2023

	(in currency amount)	09/30/2023				
		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					1,371,451
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		—	—	4,454,364	3,786,209
16	Deposits held at other financial institutions for operational purposes		—	—	—	—
17	Performing loans and securities:		14,900,712	4,459,208	40,710,691	40,251,097
18	*Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut*		2,812,694	55,862	134,391	208,710
19	*Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions*		2,422,240	719,518	2,725,236	3,272,857
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		6,746,886	2,756,711	22,299,165	29,724,860
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		—	—	—	5,747,647
22	*Performing residential mortgages, of which:*		376,595	309,308	8,314,916	—
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		376,595	309,308	8,314,916	—
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*		2,542,297	617,809	7,236,983	7,044,670
25	Interdependent assets		—	—	—	—
26	Other assets:		6,691,461	79,708	3,591,429	5,844,995
27	*Physical traded commodities*				57,645	48,999
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		579,765	—	110,417	586,654
29	*NSFR derivative assets*		0			—
30	*NSFR derivative liabilities before deduction of variation margin posted*		3.585.679,698			*179,284*
31	*All other assets not included in the above categories*		2,526,017	79,708	3,423,367	5,030,058
32	Off-balance sheet items		281,695	386,518	8,824,339	474,642
33	**Total RSF at 09/30/2023**					**51,728,394**
34	**Net Stable Funding Ratio (%) at 09/30/2023**					**116.8494%**

Section 7 – Credit risk

7.1 General information

Qualitative information

The Group is distinguished by its prudent approach to risk, which is reflected in the fact that its NPL levels are extremely low compared to the rest of the Italian panorama.[16] The low levels of NPLs on the Bank's book is at least in part due to management of them, techniques in which include the use of different options typically available, such as disposals (of both individual assets and portfolios), collateral enforcement activity, and negotiating restructuring agreements.

The Group uses a single definition for all the following instances: "default" as defined by the regulations on regulatory capital requisites; "non-performing", used for the supervisory reporting statistics; and Stage 3, or "credit-impaired", assets as defined by the accounting standards in force. In so doing, account has been taken of the provisions contained in the following documents: EBA Guidelines on the application of the definition of default (EBA/GL/2016/07), Commission Delegated Regulation (EU) 2018/171 of 19 October 2017, and Regulation (EU) 2018/1845 of the ECB of 21 November 2018. In line with these principles, instances of assets which qualify as "non-performing" include:

- Exposures identified using the 90 days past due principle, based on which the regulations referred to above have standardized the calculation criteria in use at EU level (in particular with reference to the applicable materiality thresholds, and the irrelevance of which instalment in particular is established as being past due for purposes of the calculation);
- Cases in which the credit obligation has been sold, leading to material losses in relation to the credit risk;
- Distressed restructuring, i.e. restructuring the debt of a borrower who is in or is about to encounter difficulties in meeting their own financial obligations, that imply a significantly reduced financial obligation;

[16] As at 31 December 2023 the Mediobanca Group had a Finrep Gross NPL ratio of 2.0%, near its lowest-ever level, in part due to the sale of the purchased NPL business.

— Cases of bankruptcy or other systems of protection covering all creditors or all unsecured creditors, the terms and conditions of which have been approved by a judge in a court of law or another competent institution;

— Instances identified through other indicators of a borrower being unlikely to pay, such as the enforcement of guarantees, exceeding of given financial leverage ratios, negative evidence in information systems such as central credit databases, or the borrower's sources of income suddenly becoming unavailable.

This approach is structured according to the individual Group companies which, depending on the specific monitoring processes adopted, may choose to deploy methods for recording non-performing positions that have not yet reached 90 days overdue, or based on automatic algorithms. Equally, the accounting treatment used for non-performing loans depends on the specific characteristics of the individual companies' businesses, based on individual analysis or identification of clusters of similar positions.

At the monitoring stage the possibility of writeoffs is also considered in cases where part or all of the credit cannot be recovered. Such positions are written off even before legal action to recover the financial asset has been completed, and does not necessarily entail waiving legal entitlement to recover the credit.

The regulators have intervened on several occasions in recent years, to ensure that NPL portfolios are managed accurately, by encouraging the financial sector to minimize their stocks and accelerate credit recovery activities. On 26 April 2019 the European Parliament published its update to Regulation EU No. 575/2013 (CRR) in the *Official Journal*, which included new rules to be applied to NPL coverage (known as "Calendar Provisioning") starting from loans granted after the date on which the new Regulation was issued. Under the Calendar Provisioning mechanism, non-performing loans must be written off in full at pre-established deadlines for supervisory reporting purposes.

Financial assets may be subject to contractual amendments based primarily on two different needs: to maintain a mutually satisfactory commercial relationship with clients, or to re-establish/improve the credit standing of a customer in financial difficulty, or about to become so, to help them meet the commitments they have entered into.

The former case, defined here as a commercial renegotiation, recurs at the point where the client might look to end the relationship, as a result of its own high credit standing and of favourable market conditions. In a situation such as this, changes can be made at the client's initiative or on a preventative basis with a view to maintaining the relationship with the client by improving the commercial terms offered, without having to forfeit a satisfactory return on the risk taken and in compliance with the general strategic objectives set (e.g. in terms of target customers).

The second case, which corresponds to the notion of forbearance measure, is detected in accordance with the specific regulations when contractual amendments are made, refinancing arrangements entered into, or when clauses provided for in the contract are exercised by the client.

For an exposure to be classified as forborne, the Group assesses whether or not such concessions (typically rescheduling expiry dates, suspending payments, refinancings or waivers to covenants) occur as a result of a situation of difficulty which can be traced to the accumulation, actual or potential (in the latter case if the concessions are not granted), of more than thirty days past due. Assessment of the borrower's financial difficulties is based primarily on individual analysis carried out as part of corporate banking and leasing business, whereas certain predefined conditions apply in the case of consumer credit activities (e.g. observation of the number of credit lines granted) and real estate loans (e.g. whether the borrower has been made unemployed, cases of serious illness and/or divorce and separation).

7.1.1 Exposures to sovereign credit risk

The banking book securities portfolio is worth a total of €8.4bn and chiefly consists of financial instruments with Italy country risk (62%, or €5.2bn); the remainder is invested in German government securities (15%), whereas 23% regards securities issued by the French and US governments. The average outstanding duration of the portfolio is 2.5 years, whereas the duration itself is shorter, at 1.5 years.

The trading book consists of securities involved in short selling (that is to say, the sale of a security without owing the asset), conventionally indicated with the minus sign. These include exposures to German and French debt as part of secured funding transactions, i.e. funding raised by the entity from the spot sale of another entity's instrument via an unsecured securities stock lending transaction.

Quantitative information

Template EU CR1 – Performing and non-performing exposures and related provisions (1/3)

		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	4,921,895	4,921,895	—	—	—	—
010	Loans and advances	59,525,373	55,798,602	3,160,520	1,299,249	—	1,283,736
020	*Central banks*	100,017	100,016	—	—	—	—
030	*General governments*	458,494	449,645	8,849	1,596	—	1,596
040	*Credit institutions*	4,940,450	4,939,932	518	—	—	—
050	*Other financial corporations*	7,961,946	6,878,790	516,904	14,108	—	7,471
060	*Non-financial corporations*	16,728,100	16,309,015	419,086	157,550	—	148,674
070	*of which SMEs*	*1,475,457*	*1,405,075*	*70,383*	*80,795*	—	*80,795*
080	*Households*	*29,336,366*	*27,121,204*	*2,215,163*	*1,125,995*	—	*1,125,995*
090	Debt securities	10,587,707	10,430,292	43,616	—	—	—
100	*Central banks*	—	—	—	—	—	—
110	*General governments*	8,418,992	8,418,667	—	—	—	—
120	*Credit institutions*	797,444	684,422	—	—	—	—
130	*Other financial corporations*	1,040,324	1,028,896	10,976	—	—	—
140	*Non-financial corporations*	330,947	298,307	32,640	—	—	—
150	Off-balance-sheet exposures	19,104,481	18,838,459	117,513	834	—	834
160	*Central banks*	—	—	—	—	—	—
170	*General governments*	4,268,731	4,268,731	—	—	—	—
180	*Credit institutions*	26,612	26,134	—	—	—	—
190	*Other financial corporations*	2,896,799	2,805,424	43,836	—	—	—
200	*Non-financial corporations*	8,877,137	8,815,223	32,875	93	—	93
210	*Households*	3,035,202	2,922,947	40,802	741	—	741
220	**Total as at 12/31/2023**	**94,139,456**	**89,989,248**	**3,321,649**	**1,300,083**	**—**	**1,284,570**
	Total as at 06/30/2023	**89,262,433**	**85,532,049**	**3,030,021**	**1,340,780**	**—**	**1,329,455**

* The above table does not include, with reference to Stage 1 and Stage 2 performing exposures, loans with a total gross value of €828.6 million and cumulative reductions in value of €585 thousand relating to Financial assets measured at Fair Value.

** The table above does not include, with reference to impaired exposures under Stage 3, loans with a total gross value of Euro 15.5 million (cumulative value reductions of Euro 6.6 million) relating to Financial assets measured at Fair Value.

Template EU CR1 – Performing and non-performing exposures and related provisions (2/3)

		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			Performing exposures – accumulated impairment 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	(334)	(334)	—	—	—	—
010	Loans and advances	(733,680)	(315,510)	(418,171)	(898,403)	—	(891,766)
020	*Central banks*	—	—	—	—	—	—
030	*General governments*	(6,028)	(274)	(5,754)	(754)	—	(754)
040	*Credit institutions*	(172)	(172)	—	—	—	—
050	*Other financial corporations*	(42,606)	(9,848)	(32,758)	(10,705)	—	(4,068)
060	*Non-financial corporations*	(66,009)	(42,723)	(23,286)	(74,803)	—	(74,804)
070	*of which SMEs*	(15,149)	(7,761)	(7,388)	(59,309)	—	(59,310)
080	*Households*	(618,865)	(262,493)	(356,373)	(812,141)	—	(812,140)
090	Debt securities	(17,707)	(11,814)	(5,893)	—	—	—
100	*Central banks*	—	—	—	—	—	—
110	*General governments*	(2,344)	(2,344)	—	—	—	—
120	*Credit institutions*	(4,543)	(4,543)	—	—	—	—
130	*Other financial corporations*	(7,410)	(2,735)	(4,675)	—	—	—
140	*Non-financial corporations*	(3,410)	(2,192)	(1,218)	—	—	—
150	Off-balance-sheet exposures	19,672	15,894	3,193	150	—	150
160	*Central banks*	—	—	—	—	—	—
170	*General governments*	18	18	—	—	—	—
180	*Credit institutions*	—	—	—	—	—	—
190	*Other financial corporations*	2,812	1,608	1,204	—	—	—
200	*Non-financial corporations*	8,579	7,333	1,246	6	—	6
210	*Households*	8,263	6,935	743	144	—	144
220	**Total as at 12/31/2023**	**(771,394)**	**(343,552)**	**(427,257)**	**(898,553)**	**—**	**(891,916)**
	Total as at 06/30/2023	**(744,049)**	**(355,330)**	**(388,134)**	**(965,459)**	**—**	**(958,823)**

* The above table does not include, with reference to Stage 1 and Stage 2 performing exposures, loans with a total gross value of €828.6 million and cumulative reductions in value of €585 thousand relating to Financial assets measured at Fair Value.

** The table above does not include, with reference to impaired exposures under Stage 3, loans with a total gross value of Euro 15.5 million (cumulative value reductions of Euro 6.6 million) relating to Financial assets measured at Fair Value.

Template EU CR1 – Performing and non-performing exposures and related provisions (3/3)

		m	n	o
		Accumulated partial write-off	Collateral and financial guarantees received	
			On performing exposures	On non-performing exposures
005	Cash balances at central banks and other demand deposits		—	—
010	Loans and advances	(950)	27,027,794	122,884
020	*Central banks*	—	—	—
030	*General governments*	—	49	—
040	*Credit institutions*	—	3,206,450	—
050	*Other financial corporations*	—	4,774,766	3,362
060	*Non-financial corporations*	(910)	5,149,172	35,068
070	*of which SMEs*	—	1,195,624	18,876
080	*Households*	(40)	13,897,357	84,454
090	Debt securities	—	412,214	—
100	*Central banks*	—	—	—
110	*General governments*	—	—	—
120	*Credit institutions*	—	—	—
130	*Other financial corporations*	—	397,954	—
140	*Non-financial corporations*	—	14,260	—
150	Off-balance-sheet exposures		1,370,218	124
160	*Central banks*		—	—
170	*General governments*		—	—
180	*Credit institutions*		—	—
190	*Other financial corporations*		280,426	—
200	*Non-financial corporations*		615,390	86
210	*Households*		474,402	38
220	**Total as at 12/31/2023**	**(950)**	**28,810,226**	**123,008**
	Total as at 06/30/2023	**(3,667)**	**27,708,680**	**114,746**

Template EU CR1-A: Maturity of exposures

		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	5,234,930	12,408,326	21,387,997	20,159,721	1,564	59,192,538
2	Debt securities	—	3,092,062	4,947,459	2,494,176	36,303	10,570,000
3	**Total as at 12/31/2023**	**5,234,930**	**15,500,388**	**26,335,456**	**22,653,897**	**37,867**	**69,762,538**

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

		12/31/2023
		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**1,582,068**
020	Inflows to non-performing portfolios	343,900
030	Outflows from non-performing portfolios	(626,718)
040	Outflow due to write-off	(29,936)
050	Outflow due to other situations	(596,782)
060	**Final stock of non-performing loans and advances**	**1,299,250**

It should be noted that the above table has been obtained from Finrep Tables “F18.00 Performing and non-performing exposures” and F18.01 “Inflows and outflows of non-performing exposures – loans and advances by counterparty sector”. The table refers exclusively to loans and advances and does not include assets being sold or debt securities.

Template EU CR2a: Changes in the stock of non-performing loans and advances and net accumulated recoveries

Table not applicable for Mediobanca as the NPL ratio < 5%.

Template EU CQ1 – Credit quality of forborne exposures (1/2)

		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	688,030	453,768	453,768	438,257
020	*Central banks*	—	—	—	—
030	*General governments*	—	—	—	—
040	*Credit institutions*	—	—	—	—
050	*Other financial corporations*	14,879	10,794	10,794	4,158
060	*Non-financial corporations*	253,127	63,846	63,846	54,971
070	*Households*	420,024	379,128	379,128	379,128
080	Debt securities	—	—	—	—
090	Loan commitments given	18,639	53	53	53
100	**Total as at 12/31/2023**	**706,669**	**453,821**	**453,821**	**438,310**
	Total as at 06/30/2023	**701,672**	**523,045**	**523,045**	**511,720**

Template EU CQ1 – Credit quality of forborne exposures (2/2)

		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	(97,160)	(321,689)	259,881	43,058
020	*Central banks*	—	—	—	—
030	*General governments*	—	—	—	—
040	*Credit institutions*	—	—	—	—
050	*Other financial corporations*	(1,529)	(9,565)	1,346	1,228
060	*Non-financial corporations*	(14,141)	(42,280)	129,967	12,088
070	*Households*	(81,490)	(269,844)	128,568	29,742
080	Debt securities	—	—	—	—
090	Loan commitments given	538	8	46	—
100	**Total as at 12/31/2023**	**(97,698)**	**(321,697)**	**259,927**	**43,058**
	Total as at 06/30/2023	**(96,366)**	**(394,572)**	**298,034**	**46,874**

Template EU CQ2 – Quality of forbearance

Table not applicable for Mediobanca as the NPL ratio < 5%.

Template EU CQ4 – Quality of non-performing exposures by geography (1/2)

		a	b	c	d
		Gross carrying/nominal amount			
			of which: non-performing		of which: subject to impairment
				of which: defaulted	
010	**On-balance-sheet exposures**	**71,412,329**	**1,299,247**	**1,299,247**	**70,716,767**
020	Italy	51,737,357	1,215,394	1,215,394	51,086,012
030	France	5,126,222	10,311	10,311	5,126,221
040	Germany	3,093,108	81	81	3,093,108
050	Spain	2,102,075	139	139	2,069,267
060	Monaco	1,917,768	15,508	15,508	1,917,768
070	United States of America	1,800,794	257	257	1,800,794
080	Other Countries	5,635,005	57,557	57,557	5,623,597
090	**Off-balance-sheet exposures**	**19,105,316**	**834**	**834**	
100	Italy	12,251,005	806	806	
110	France	1,170,711	-	-	
120	Germany	577,524	-	-	
130	Spain	861,357	-	-	
140	Monaco	570,168	-	-	
150	United States of America	538,161	-	-	
160	Other Countries	3,136,390	28	28	
170	**Total as at 12/31/2023**	**90,517,645**	**1,300,081**	**1,300,081**	**70,716,767**
	Total as at 06/30/2023	**86,170,046**	**1,340,779**	**1,340,779**	**69,419,719**

Template EU CQ4 – Quality of non-performing exposures by geography (2/2)

		e	f	g
		Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on nonperforming exposures
010	**On-balance-sheet exposures**	**(1,643,149)**		**(6,636)**
020	Italy	(1,571,436)		(6,636)
030	France	(11,533)		-
040	Germany	(2,663)		-
050	Spain	(3,178)		-
060	Monaco	(2,126)		-
070	United States of America	(3,108)		-
080	Other Countries	(49,105)		-
090	**Off-balance-sheet exposures**		**(19,816)**	
100	Italy		(13,911)	
110	France		(1,802)	
120	Germany		(326)	
130	Spain		(460)	
140	Monaco		(183)	
150	United States of America		(353)	
160	Other Countries		(2,781)	
170	**Total as at 12/31/2023**	**(1,643,149)**	**(19,816)**	**(6,636)**
	Total as at 06/30/2023	**(1,680,534)**	**(22,166)**	**(6,636)**

Template EU CQ5 – Credit quality of loans and advances by industry

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing		of which: loans and advances subject to impairment		
				of which: defaulted			
010	Agriculture, forestry and fishing	28,507	2,291	2,291	28,507	(1,871)	—
020	Mining and quarrying	27,583	41	41	27,583	(60)	—
030	Manufacturing	4,361,331	16,399	16,399	4,361,331	(34,991)	—
040	Electricity, gas, steam and air conditioning supply	722,912	76	76	722,912	(714)	—
050	Water supply	59,637	741	741	59,637	(570)	—
060	Construction	794,805	10,552	10,552	794,805	(9,882)	—
070	Wholesale and retail trade	1,495,758	17,191	17,191	1,495,758	(26,068)	—
080	Transport and storage	460,048	16,489	16,489	460,048	(3,437)	—
090	Accommodation and food service activities	68,714	2,072	2,072	68,714	(3,170)	—
100	Information and communication	1,039,978	1,574	1,574	1,039,978	(3,811)	—
110	Financial and insurance activities	1,550,804	329	329	1,550,804	(3,254)	—
120	Real estate activities	1,905,074	68,781	68,781	1,905,075	(34,240)	—
130	Professional, scientific and technical activities	3,089,291	2,562	2,562	3,089,291	(6,713)	—
140	Administrative and support service activities	1,073,096	6,648	6,648	1,073,096	(5,595)	—
150	Public administration and defence, compulsory social security	—	—	—	—	—	—
160	Education	3,234	64	64	3,234	(135)	—
170	Human health services and social work activities	131,378	9,535	9,535	122,503	(4,036)	—
180	Arts, entertainment and recreation	9,429	193	193	9,429	(234)	—
190	Other services	64,070	2,012	2,012	64,070	(2,031)	—
200	**Total as at 12/31/2023**	**16,885,649**	**157,550**	**157,550**	**16,876,775**	**(140,812)**	**—**
	Total as at 06/30/2023	**18,325,372**	**250,032**	**250,032**	**18,320,682**	**(241,416)**	**—**

Template EU CQ6 – Collateral valuation: loans and advances

Table not applicable for Mediobanca as the NPL ratio < 5%.

Template EU CQ7- Collateral obtained by taking possession and execution processes

		12/31/2023		06/30/2023	
		a	b	a	b
		Collateral obtained by taking possession		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	76	(8)	76	(7)
020	Other than PP&E	52,189	(19,241)	51,093	(18,642)
030	*Residential immovable property*	—	—	—	—
040	*Commercial Immovable property*	52,189	(19,241)	51,093	(18,642)
050	*Movable property (auto, shipping, etc.)*	—	—	—	—
060	*Equity and debt instruments*	—	—	—	—
070	*Other collateral*	—	—	—	—
080	**Total**	**52,265**	**(19,249)**	**51,169**	**(18,649)**

Template EU CQ8 – Collateral obtained by taking possession and execution processes - vintage breakdown

Table not applicable for Mediobanca as the NPL ratio < 5%.

Template EU CR10: Specialized lending and equity exposures under the simple risk-weighted approach

Tables EU CR10.1, EU CR10.2, EU CR10.3, EU CR10.4 and EU CR10.5 are not stated as the Mediobanca Group had no such exposures on its books as at 31 December 2023.

7.2 ECAIs

Qualitative information

Mediobanca uses the following ECAIs in order to determine risk weightings in connection with the standardized method:[17]

— Moody's Investors Service;

— Standard & Poor's Rating Services;

— Fitch Ratings.

— Modefinance

The books for which Mediobanca uses official ratings are listed below, along with the agencies which issue the ratings and the rating's characteristics:

Portfolios	ECAI	Rating characteristics*
Exposures to central administrations and central banks	*Moody's Investors Service* *Standard & Poor's Rating Services* *Fitch Ratings*	*Solicited/Unsolicited*
Exposures to international organizations	*Moody's Investors Service* *Standard & Poor's Rating Services* *Fitch Ratings*	*Solicited/Unsolicited*
Exposures to multilateral development banks	*Moody's Investors Service* *Standard & Poor's Rating Services* *Fitch Ratings*	*Solicited/Unsolicited*
Exposures to companies and other entities	*Moody's Investors Service* *Standard & Poor's Rating Services* *Fitch Ratings* *Modefinance*	*Solicited/Unsolicited*
Exposures to undertakings for collective investments in transferable securities (UCITS)	*Moody's Investors Service* *Standard & Poor's Rating Services* *Fitch Ratings*	*Solicited/Unsolicited*
Positions in securitizations with short-term ratings	*Moody's Investors Service* *Standard & Poor's Rating Services* *Fitch Ratings*	
Positions in securitizations other than those with short-term ratings	*Moody's Investors Service* *Standard & Poor's Rating Services* *Fitch Ratings*	

* "Solicited ratings" are ratings issued following a request by the entity being rated and in return for a fee.

[17] External Credit Assessment Institution.

Quantitative information

Template EU CR4 – Standardized approach – Credit Risk Exposure and CRM effects

	Exposures class	Exposures before CCF and CRM		Exposures before CCF and CRM		RWAs and RWA density	
		On-balance sheet exposures	Off-balance sheet exposures	On-balance sheet exposures	Off-balance sheet exposures	RWAs	RWA density
		a	b	c	d	e	f
1	Central governments or central banks	13,602,694	—	14,407,359	6,570	7,808	0.0542 %
2	Regional governments or local authorities	83	—	83	—	17	20.0000 %
3	Public sector entities	123,686	8	123,686	2	58,648	47.4162 %
4	Multilateral development banks	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	3,069,301	3,774,722	2,468,210	103,243	1,306,707	50.8159 %
7	Corporates	8,746,006	2,160,722	6,021,235	554,359	4,925,749	74.9096 %
8	Retail	3,041,247	937,087	2,642,617	158,661	1,420,761	50.7183 %
9	Secured by mortgages on immovable property	1,230,213	45,399	1,206,852	22,545	459,952	37.4128 %
10	Exposures in default	133,027	625	88,831	568	107,663	120.4310 %
11	Higher-risk categories	3,713	104,650	3,713	104,650	162,544	150.0000 %
12	Covered bonds	56,433	—	56,433	—	5,643	10.0000 %
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
14	collective investments undertakings	602,079	129,687	602,079	73,051	1,515,138	224.4218 %
15	Equity	2,499,096	—	2,499,096	—	7,860,501	314.5338 %
16	Other items	1,931,173	—	1,931,173	—	1,688,906	87.4549 %
17	**Total as at 12/31/2023***	**35,038,752**	**7,152,900**	**32,051,366**	**1,023,648**	**19,520,037**	**59.0175 %**
	Total as at 06/30/2023*	**47,134,884**	**7,876,143**	**44,589,094**	**1,155,145**	**30,692,355**	**67.0956 %**

*With reference to the 75% weighting band, the half-year difference is due to the introduction of advanced models on the consumer portfolio.

Template EU CR5 – Standardized approach (1/3)

	Exposures classes	Classes of credit worthiness (Weighting Factors)					
		0%	2%	0%	10%	0%	35%
		a	b	c	d	e	f
1	Central governments or central banks	14,398,316	—	—	—	—	—
2	Regional governments or local authorities	—	—	—	—	83	—
3	Public sector entities	—	—	—	—	18,823	—
4	Multilateral development banks	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	—	180,426	—	—	803,389	—
7	Corporates	—	—	—	—	1,370,826	—
8	Retail	—	—	—	—	—	1,516,252
9	Secured by mortgages on immovable property	—	—	—	—	—	866,076
10	Exposures in default	—	—	—	—	—	—
11	Higher-risk categories	—	—	—	—	—	—
12	Covered bonds	—	—	—	56,433	—	—
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
14	Collective investment undertakings	18,561	—	—	—	21,339	—
15	Equity	—	—	—	—	—	—
16	Other items	327,091	—	—	—	174,540	—
17	**Total as at 12/31/2023***	**14,743,967**	**180,426**	**—**	**56,433**	**2,389,000**	**2,382,328**
	Total as at 06/30/2023*	**13,689,901**	**45,528**	**—**	**9,707**	**1,855,833**	**2,451,934**

*With reference to the 75% weighting band, the half-year difference is due to the introduction of advanced models on the consumer portfolio.

Template EU CR5 – Standardized approach (2/3)

	Exposures classes	Classes of credit worthiness (Weighting Factors)					
		50%	70%	50%	100%	50%	250%
		g	h	i	j	k	l
1	Central governments or central banks	15,611	—	—	2	—	—
2	Regional governments or local authorities	—	—	—	—	—	—
3	Public sector entities	99,963	—	—	4,902	—	—
4	Multilateral development banks	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	888,003	—	—	699,634	—	—
7	Corporates	1,132,661	—	—	3,955,503	116,604	—
8	Retail	—	—	1,285,026	—	—	—
9	Secured by mortgages on immovable property	363,286	—	—	34	—	—
10	Exposures in default	—	—	—	52,868	36,530	—
11	Higher-risk categories	—	—	—	—	108,363	—
12	Covered bonds	—	—	—	—	—	—
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
14	Collective investment undertakings	1,536	—	—	195,488	361,796	—
15	Equity	—	—	—	427,778	—	192,628
16	Other items	—	—	—	1,279,906	—	149,637
17	**Total as at 12/31/2023***	**2,501,060**	**—**	**1,285,026**	**6,616,116**	**623,293**	**342,265**
	Total as at 06/30/2023*	**2,130,618**	**—**	**13,792,531**	**8,719,680**	**649,724**	**308,314**

*With reference to the 75% weighting band, the half-year difference is due to the introduction of advanced models on the consumer portfolio.

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Template EU CR5 – Standardized Approach (3/3)

Exposures classes		Classes of credit worthiness (Weighting Factors)			Total	Without rating
		370%	1250%	Others		
		m	n	o	p	q
1	Central governments or central banks	—	—	—	14,413,929	1,421,460
2	Regional governments or local authorities	—	—	—	83	72
3	Public sector entities	—	—	—	123,687	11,579
4	Multilateral development banks	—	—	—	—	—
5	International organisations	—	—	—	—	—
6	Institutions	—	—	—	2,571,453	317,538
7	Corporates	—	—	—	6,575,595	1,749,253
8	Retail	—	—	—	2,801,278	2,665,744
9	Secured by mortgages on immovable property	—	—	—	1,229,397	1,097,346
10	Exposures in default	—	—	—	89,398	80,406
11	Higher-risk categories	—	—	—	108,363	—
12	Covered bonds	—	—	—	56,433	—
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—
14	Collective investment undertakings	—	56,278	20,132	675,129	7,721
15	Equity	1,878,690	—	—	2,499,096	10,520
16	Other items	—	—	—	1,931,173	1,502,201
17	**Total as at 12/31/2023***	**1,878,690**	**56,278**	**20,132**	**33,075,015**	**8,863,840**
	Total as at 06/30/2023*	**2,032,734**	**36,798**	**20,935**	**45,744,239**	**19,594,695**

*With reference to the 75% weighting band, the half-year difference is due to the introduction of advanced models on the consumer portfolio.

7.3 Credit risk: disclosure on portfolios subject to AIRB methods

Qualitative information

As part of the process of progressively extending the use of AIRB models in order to calculate the regulatory capital requirements for credit risk (the "Roll Out Plan"), the Group has been authorized to use the AIRB method for Compass Banca's Credit Cards and Consumer Loans portfolios starting from the report as at end-September 2023, in addition to those already authorized for the Mediobanca and Mediobanca International corporate lending portfolios and for the Mediobanca Premier Italian loan book.

As far as regards the process of aligning the models currently approved to the new regulations (EBA Guidelines on developing models and on the application of the definition of default, regulations on identification and estimation of LGD under an economic downturn), it should be noted that:

- The Group will submit an application for a material model change for the Corporate PD model in June 2024, which will be revised in order to extend the application of the model to the MBFACTA Corporate portfolio and resolve the findings released following the authorization granted in 2022;
- During FY 2022-23 Mediobanca Premier was involved in the Internal Model Investigation for the model change application for the LGD model made in June 2020 and supplemented in July 2021. In early October 2023, the bank received the Final Decision Letter containing the results of the inspection, in which the ECB stated that the requirements for authorization to be granted had been met. The bank with therefore use the new version of the AIRB models starting from the regulatory reporting as at 31 December 2023.

7.3.1 Scope of application for the IRB model

As at 31 December 2023, the following companies are using internal models:

- Mediobanca and Mediobanca International for the Wholesale Banking division's corporate loan book only. The internal models also cover extraordinary financing transactions, but are not applied to the specialized lending and real estate sub-portfolios which, in view of their non-material nature, have been authorized to receive standard treatment on a permanent basis;
- Mediobanca Premier, for the Italian mortgage loan book;
- Compass Banca, for the credit card and consumer finance portfolios.

7.3.2 Corporate rating system structure

The Corporate PD model has been developed based on a shadow rating approach, using external ratings assigned by ratings agencies (ECAIs) as the target variable. The approach is in line with the internal practices historically adopted by the Bank's credit analysts.

The model consists of:

- A quantitative module, which provides a score obtained on the basis of the individual borrower's balance-sheet data;
- A qualitative module which provides a score obtained on the basis of qualitative information resulting from structured and indepth analysis performed by the credit analysts.

Both modules are based on a statistical approach, and the two returned scores are then combined in a way such that the resulting single synthetic risk indicator optimizes the model's ranking capability. The final rating is the result of an optimization phase where the alignment between the external ratings and the ratings returned by the model is maximized.

At the application phase, a rating is assigned at counterparty level, taking into account Group dynamics whereby the parent company could influence the counterparty's own final rating.

The credit analyst can override the rating returned by the model, taking into account all information available resulting from the analysts themselves liaising directly with the management of the borrower counterparties. This override process is governed by a set of internal rules, including a notch-limit to rating upgrade.

The model's masterscale replicates the agencies' rating scales; the PD values assigned to each class are obtained by estimating the average default rates provided by the agencies over a long-term time horizon according to a through-the-cycle approach.

The LGD model is different for the performing portfolio and for defaulted assets; for performing exposures, the model returns different Loss Given Default values based on the type of transaction involved (i.e. different values are assigned to bonds and loans), taking into account the level of seniority of the debt and the possible existence of real or financial guarantees (alternatively, in cases where financial guarantees are involved, the substitution method is used), and the counterparty's industrial sector.

A model has been adopted for non-performing positions, which estimates the uncertainty of the LGD relative to the value of the expected loss, taking into account the position's vintage (i.e. the length of time for which the position remains in default status).

Currently a regulatory floor has been set at 45% on the LGD, which is used only for purposes of calculating the capital requirement.

7.3.3 Structure of the mortgage rating system

The Mediobanca Premier system is applied to exposures to individuals secured by property. In particular, the AIRB scope includes exposures to private customers secured by residential and non-residential real estate guarantees eligible for Credit Risk Mitigation purposes. The AIRB scope of application does not include exposures to French customers, a portfolio currently in run-off and with non-material size (these are exposures were originated before 2009 by the Mediobanca Premier French branches, which ceased operations in 2009). Accordingly, for this portfolio, permanent exemption from application of the AIRB method has been applied for and obtained.

The Mediobanca Premier internal rating is applied at the transaction level, and consists of the three following models:

- Acceptance PD model for exposures with a seniority of less than 6 months;
- Behavioural PD model for exposures with a seniority over 6 months;
- LGD model.

The PD acceptance model was developed at single-credit transaction level, following a statistical approach based on observed historical defaults. The PD acceptance model was developed on a sample including only mortgages originated by Mediobanca Premier, divided into the following macro-categories::

- Accepted category: this consists of the exposures actually originated by Mediobanca Premier;
- Rejected category: this consists of rejected practices and therefore has no observed performance;
- Declined category: this consists of those practices that, although approved by Mediobanca Premier, were not originated and therefore do not have an observed performance.

The PD Acceptance model was estimated by combining the various information sources, relating to loans granted and not granted in line with the scope of application of the model, which includes the entire population of applicants.

In the application phase of the model, in order to have a smooth transition from the PD acceptance to the behavioural model, the respective scores are combined with a linear weighting mechanism from the first to the sixth month of the loan seniority.

The PD behavioural model was developed at single transaction level, following a statistical approach based on observed historical defaults. The model differs for the loans originated by Mediobanca Premier and those acquired by the Barclays Italian branch; both models are made up of elementary modules, which take into account the features of the different information sources considered. The scores of the single elementary modules are combined into an overall score and then calibrated to reflect the long-term central tendency of the observed default rates. On the basis of the calibrated score, a rating class is assigned to each transaction (the same rating scale is used for the Mediobanca Premier and former Barclays model). Finally, the rating assigned following the model is automatically downgraded if specific anomalies relating to the customer (obligated and co-obligated) are reported in Bank of Italy's risks database ("Centrale Rischi").

The LGD model was estimated using only the internal information relating to the recovery process for defaulted exposures.

LGD estimates are determined by combining different model components, which depend on the status of the exposure (performing or non-performing). In particular, two main modules for the LGD performing status were estimated: "LGD *Sofferenza*" (econometric estimate) which provides the expected economic loss for bad loan positions; the danger rate and the Q factor of exposure variation that capture the phases preceding bad loan status, and aim respectively at estimating the probability of migrating from a performing status to a default one (through empirical observations) and the change in exposure when a position moves among the different statuses. The LGD in default model is developed for multiple time periods (i.e. annual vintage) and derives from the LGD performing model.

The new version of the LGD model, which was validated in the course of the IMI carried out in 2022 and authorized by the ECB in October 2023, has enabled obligations received as a result of the IMI carried out in 2018 to be addressed, and allowed the methodology to be aligned with the EBA Guidelines, the model to be calibrated to the new definition of default, and the sale of non-performing loans granted by the former Micos Banca to be included in the modelling framework.

7.3.4 Structure of the credit cards and consumer credit rating system

The Compass Banca rating system covers credit cards and consumer credit, the latter referring to the various products underlying personal loans, special purpose loans and vehicle finance, but not other credit segments such as salary-backed finance. Such products form part of the "Other retail exposures", "Other SME Retail Exposures" e "Qualified revolving retail exposures" regulatory asset classes.

The Compass internal rating system has been developed using an approach based on individual transactions, based on data which is 100% observed internally.

The sub-models have been sub-divided based on the following structure:

- PD Acceptance Model, itself sub-divided into five sub-models for individual products or lending channels, all of which feature different risks, financial characteristics and available information. It includes product and socio-demographic characteristics and historical internal or external data, and is the only driver considered for exposures with seniority of less than three months. The development process also entails statistical inference of performances for positions which historically have not been settled;
- PD Behavioural Model, sub-divided into five purely behavioural sub-models, in turn distinguished by consumer finance/credit card, amount, and whether or not there are arrears. These sub-models are then combined after the first three months with the PD acceptance score, the statistical relevance of which, while decreasing, still remains important for the rest of the position's life;
- LGD Performing Model, which distinguishes risk differentiation and calibration for both the consumer credit and credit card segments. The performance, obtained entirely from the internal recovery processes, is the behaviour across the entire recovery cycle in a single span, regressed versus the risk drivers observed in the various months prior to default;
- LGD Non-Performing Model, this too split between consumer credit and credit cards, and constructed from the cross between a purely statistical dimension and a significant state concept, which gives values for the different phases of the internal recovery process rather than the vintage in terms of timing, from each of which it is possible to observe the performance as a single span until the recovery process has ended;
- EAD Model, which applies only to the credit card portfolio through the estimate of a CCF, and which works differently on positions featuring exposures according to how near they are to the maximum limit granted.

The various parameters are then calibrated relative to long-term metrics, although on the LGD side a lower weighting is introduced for the older default cycles on a precautionary basis. On the PD side, a single masterscale is completed by realigning the default rates observed in the various segments. There are no cases of overrides in view of the portfolio's characteristics.

On both sides, LGD and EAD, the downturn too is estimated based exclusively on internally available data. The EL_{be} is obtained, by means of a corrective adjustment applied to the long-term metric, based on the satellite model as the one used in provisioning.

7.3.5 Rating system uses

The rating attribution process leads to the assignment of a probability of default (and a rating class) and of an LGD value, based on all qualitative and quantitative available information.

The internally estimated parameters are used for regulatory purposes and are at the centre of the entire credit granting process.

Risk-adjusted pricing

The counterparty's credit risk parameters contribute to the calculation of the risk-adjusted profitability of each individual transaction. The profitability is estimated during the preliminary assessment of a specific transaction, and is a central component in the final approval decision. Similar criteria are also used in Compass, but on a statistical basis rather than by individual transaction with a view to obtaining an overall risk-fee profitability value measurement. The risk parameters also contribute to determining the Economic Profit metric for the division used in the performance evaluation process.

Delegated powers to approve, reject and renew credit

The system of delegated powers allows the body responsible for approving credit to be identified on the basis of the deal's riskiness, evaluated according to PD and LGD parameters.

Thus a prudential mechanism is established which consists in escalating the approving body every time the risk threshold is breached.

The designated approving body assesses the proposal in view of an information set which includes the risk parameters assigned by Credit Risk Management and decides whether to approve the deal, ask for it to be amended, or rejects it.

Credit monitoring

Credit Risk Management is responsible for constantly updating the assessment of Corporate credit standing as expressed in the counterparties' rating. It does this by collecting and analysing, among other information: financial reports issued by the client, market indicators, internal reports on behavioural irregularities, if any, and evidence from the central credit risk databases. Analysis of this information flow may trigger the process for classification among irregular positions, or may result in

the rating being updated. In the event of early warnings of a potential deterioration in credit quality emerging, the counterparty is included in a specific watchlist with further enhancement of the monitoring process.

With regard to the Italian mortgage rating system, the rating classes deriving from the internal PD model are used in the credit monitoring process and for the purpose of granting forbearance measures. In accordance with the internal regulatory framework which Mediobanca Premier has put in place, the renegotiation of the loan is considered forborne even if there is no objective state of financial difficulties, for this may be assumed if the position shows a high risk rating in the last 12 months. The rating classes are also used as an early warning system which is able to detect potential deterioration in the individual positions, with the objective of identifying those exposures for which non-payment of instalments falling due is most likely.

For the Compass portfolio, the parameters are updated on a monthly basis and the process is entirely automatic. This represents an integral part of the internal and management reporting, as well as being one of the drivers of the credit recovery process, which equally is fully automatic and large-scale. The PD is also taken into consideration in several of the credit card portfolio monitoring processes, such as those for blocking, renewing, or increasing the credit limits for the cards themselves. The same parameter is also one of the criteria used to identify different segments of operations for marketing purposes.

Internal reporting

The internal reporting process supports the credit risk monitoring process at portfolio level. Group Risk Management provides a structured and integrated representation of the principal risks facing the Group. A dashboard of indicators is provided to the Board of Directors regularly, showing the portfolio’s distribution by rating classes and its change over time. This report also illustrates the trend in the LGD values. Monitoring the analysis and the changes in the exposures entered in the watchlist are regularly submitted to the attention of the Group Risks Management Committee.

Value adjustments for impairment

The process for calculating impairment uses risk parameters estimated internally to factor in the expected loss on the performing positions. The regulatory PD indicator is transformed into a point-in-time value, while the LGD does not include the downturn factor, indirect costs or regulatory floor, and adjusts the discount rate accordingly. The forward-looking component of the models is factored by making the risk parameters conditional upon macroeconomic scenarios defined internally.

Non-performing exposures in the Mediobanca Corporate portfolio and Mediobanca Premier mortgage loans classified as bad debts are subject to individual assessment.

Non-performing exposures in the Mediobanca Corporate portfolio and Mediobanca Premier mortgage loans classified as bad debts are subject to individual assessment, reference is made to section 7.1.1.

ICAAP and Risk Appetite Framework

As part of the stress testing, which is an integral component of the ICAAP process, Risk Management applies risk parameters derived from the regulatory parameters through the application of satellite models. These models provide risk parameters conditional upon the adverse macroeconomic scenarios defined by the Bank. Risk-based metrics (primarily expected loss and economic capital) also underpin the definition of the Risk Appetite metrics for the loan book.

Credit recovery process

For the Mediobanca Premier mortgage loan book, the rating classes deriving from the internal PD model are used in the credit recovery process in order to construct a behavioural scoring model to support the recovery strategy. The classes are able to help segment the portfolio of past due exposures more effectively and so identify the high-, medium- and low-risk models on which to concentrate the recovery efforts in diversified and appropriate fashion. For the Compass portfolio, the LGD and CCF estimates are also used to optimize segmentation of the recovery process on the consumer credit side, and to manage credit card blocks which prevent cards that show negative behaviours from being used.

7.3.5 Control and review of the internal models

Internal rating systems are subject to validation by the Bank’s control units.

This occurs both in a first request for authorization phase and during the ongoing process of monitoring and maintenance of the risk measurement systems.

The unit responsible for the internal validation process for the Mediobanca Group is Group Internal Validation& Control. This unit reports directly to the Group Chief Risk Officer and is independent of the units involved in developing the models and the credit granting processes.

Once a year, Group Internal Validation prepares a report to be submitted to the Board of Directors, illustrating the results of the checks carried out to support compliance with the regulatory requisites which the Board itself has set.

The Group Audit Unit is responsible for the internal rating system revision process. Its audits, like the validation activity, are not confined to modelling issues, but also regard every component of the rating system: models, processes, IT systems and data quality. The Group Audit Unit too reports to the Board once a year on the audits it has carried out, and gives its assessment of the adequacy of the entire system.

Quantitative information

Template EU CR6 – IRB Approach: Exposures to or secured by corporates (1/2)

AIRB	PD range	a	b	c	d	e	f	g	h	i	j	k	l
		On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
Corporates - Other	0.00 to <0.15	3,359,240	3,859,686	52.5791 %	5,008,033	0.0623 %	56	45.0278 %	3	1,168,010	23.3227 %	1,404	(1,928)
	0.00 to <0.10	3,359,240	3,859,686	52.5791 %	5,008,033	0.0623 %	56	45.0278 %	3	1,168,010	23.3227 %	1,404	(1,928)
	0.10 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
	0.15 to <0.25	2,473,060	1,821,996	50.8851 %	3,328,309	0.1553 %	60	45.1831 %	3	1,351,822	40.6159 %	2,335	(2,813)
	0.25 to <0.50	4,664,084	2,255,932	49.3332 %	5,664,759	0.3447 %	118	41.2756 %	3	3,148,839	55.5865 %	7,958	(11,776)
	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
	0.75 to <2.50	1,607,502	437,926	50.5150 %	1,788,550	1.2005 %	66	44.5817 %	3	1,825,116	102.0444 %	9,663	(16,400)
	0.75 to <1.75	1,607,502	437,926	50.5150 %	1,788,550	1.2005 %	66	44.5817 %	3	1,825,116	102.0444 %	9,663	(16,400)
	1.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
	2.50 to <10.00	687,352	178,890	40.4876 %	779,198	3.2872 %	23	44.5940 %	2	1,074,850	137.9432 %	6,210	(48,566)
	2.50 to <5.00	599,127	102,775	31.1065 %	650,514	2.8122 %	11	44.5099 %	2	860,464	132.2744 %	2,847	(37,162)
	5.00 to <10.00	88,225	76,115	53.1545 %	128,684	5.6887 %	12	45.0192 %	3	214,386	166.5995 %	3,363	(11,404)
	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
	10.00 to <20.00	—	—	—	—	—	—	—	—	—	—	—	—
	20.00 to <30.00	—	—	—	—	—	—	—	—	—	—	—	—
	30.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
	100.00 (Default)	12,564	—	—	12,564	100.0000 %	2	41.5200 %	0	492	3.9195 %	620	(620)
	Sub-total	**12,803,802**	**8,554,429**	**51.0038 %**	**16,581,413**	**0.5275 %**	**325**	**43.7059 %**	**2**	**8,569,130**	**51.6791 %**	**28,191**	**(82,104)**

Template EU CR6 – IRB Approach: Exposures to or secured by corporates (2/2)

		a	b	c	d	e	f	g	h	i	j	k	l
AIRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
Retail: secured by mortgages on immovable property	0.00 to <0.15	4,185,729	17,594	100.0000 %	4,203,323	0.0320 %	37,912	27.2910 %	—	119,250	2.8370 %	372	(257)
	0.00 to <0.10	4,185,729	17,594	100.0000 %	4,203,323	0.0320 %	37,912	27.2910 %	—	119,250	2.8370 %	372	(257)
	0.10 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
	0.15 to <0.25	5,098,558	25,507	100.0000 %	5,124,065	0.1630 %	44,384	29.7220 %	—	556,956	10.8694 %	2,489	(1,659)
	0.25 to <0.50	1,395,958	8,451	100.0000 %	1,404,409	0.4300 %	14,487	28.8810 %	—	301,483	21.4669 %	1,746	(1,500)
	0.50 to <0.75	989,565	3,378	100.0000 %	992,943	0.7490 %	11,756	29.5490 %	—	320,745	32.3025 %	2,197	(13,081)
	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
	0.75 to <1.75	—	—	—	—	—	—	—	—	—	—	—	—
	1.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
	2.50 to <10.00	455,092	1,913	100.0000 %	457,005	3.2630 %	5,578	27.1370 %	—	343,296	75.1186 %	4,047	(26,676)
	2.50 to <5.00	455,092	1,913	100.0000 %	457,005	3.2630 %	5,578	27.1370 %	—	343,296	75.1186 %	4,047	(26,676)
	5.00 to <10.00	—	—	—	—	—	—	—	—	—	—	—	—
	10.00 to <100.00	48,526	25	100.0000 %	48,551	31.7160 %	637	24.9890 %	—	74,879	154.2273 %	3,848	(8,016)
	10.00 to <20.00	—	—	—	—	—	—	—	—	—	—	—	—
	20.00 to <30.00	—	—	—	—	—	—	—	—	—	—	—	—
	30.00 to <100.00	48,526	25	100.0000 %	48,551	31.7160 %	637	24.9890 %	—	74,879	154.2273 %	3,848	(8,016)
	100.00 (Default)	146,143	61	100.0000 %	146,204	100.0000 %	1,820	46.4470 %	—	62,089	42.4675 %	62,941	(71,900)
	Sub-total	**12,319,571**	**56,929**	**100.0000 %**	**12,376,500**	**1.6134 %**	**116,574**	**28.8706 %**	**—**	**1,778,699**	**14.3716 %**	**77,639**	**(123,088)**
	Total as at 12/31/2023	**39,139,329**	**10,287,401**	**—**	**43,914,279**	**—**	**—**	**—**	**—**	**20,881,449**	**—**	**1,014,183**	**(1,418,077)**
	Total as at 06/30/2023	**26,324,775**	**7,858,777**	**—**	**30,480,967**	**—**	**—**	**—**	**—**	**11,924,752**	**—**	**209,741**	**(282,241)**

The table below shows the AIRB exposures for the "Exposures to corporates - others", "Retail exposures secured by residential properties", "Retail exposures – Others SME, "Retail – Others non-SME", and "Retail exposures – Qualifying revolving", broken down by PD bracket. The table refers to credit risk with counterparty risk excluded (reported in the EU CCR4 template).

Template 6.3.2 – PD and LGD values by geographical area

The table below shows the geographical breakdown of performing AIRB exposures for the "Exposures to corporates – others" segment, showing the regulatory weighted average PD and LGD values for each exposure. It should be noted that a regulatory floor has been set at 45% for the LGD Model.

	a	b	c
Geography	EAD post CRM and post CCF	Average PD	Average LGD[18]
Italy	7,391,277	0.38%	44.08%
France	1,761,490	0.43%	39.34%
Spain	1,575,086	0.24%	45.57%
Germany	988,596	0.24%	45.85%
United Kingdom	644,006	0.84%	35.53%
Netherlands	646,464	0.28%	45.54%
Luxembourg	754,648	0.64%	43.88%
Other European countries	1,350,930	1.17%	45.00%
United States	1,226,052	0.31%	45.17%
Rest of the world	230,299	0.53%	45.00%

[18] Average LGD readings of below 45% are due to the portfolios containing financial guarantees which reduce the LGD values.

The "Exposures secured by residential properties" segment contains exposures that are concentrated in Italy; out of a total performing exposure of €12,230m, the average weighted PD and LGD per exposure are 0.437% and 28.661% respectively.

The "Retail exposures" segment contains exposures that are concentrated in Italy; out of a total performing exposure of €14,102m, the average weighted PD and LGD per exposure are 5.203% and 54.830% respectively.

Template EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques

		12/31/2023	
		Pre-credit derivatives risk weighted exposure amount	Actual risk weighted exposure amount
		a	b
1	**Exposures under FIRB**	**—**	**—**
2	Central governments and central banks	—	—
3	Institutions	—	—
4	Corporates	—	—
4,1	*of which Corporates - SMEs*	—	—
4,2	*of which Corporates - Specialized lending*	—	—
5	**Exposures under AIRB**	**20,881,455**	**20,881,455**
6	Central governments and central banks	—	—
7	Institutions	—	—
8	Corporates	8,569,130	8,569,130
8,1	*of which Corporates - SMEs*	—	—
8,2	*of which Corporates - Specialized lending*	—	—
9	Retail	12,312,326	12,312,326
9,1	*of which Retail – SMEs - Secured by immovable property collateral*	—	—
9,2	*of which Retail – non-SMEs - Secured by immovable property collateral*	*1,778,699*	*1,778,699*
9,3	*of which Retail – Qualifying revolving*	*864,029*	*864,029*
9,4	*of which Retail – SMEs - Other*	*182,489*	*182,489*
9,5	*of which Retail – Non-SMEs- Other*	*9,487,109*	*9,487,109*
10	**TOTAL as at 12/31/2023 (including F-IRB exposures and A-IRB exposures)**	**20,881,455**	**20,881,455**
	TOTAL as at 06/30/2023 (including F-IRB exposures and A-IRB exposures)	**11,924,752**	**11,924,752**

Template EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques (1/2)

A-IRB		Total exposures	Credit risk Mitigation techniques					
			Funded credit Protection (FCP)					
			Part of exposures covered by Financial Collaterals (%)	Share of exposures covered by other eligible collateral (%)				Share of exposures covered by other types of real-type credit protection (%)
					Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	
		a	b	c	d	e	f	g
1	Central governments and central banks	—	—	—	—	—	—	—
2	Institutions	—	—	—	—	—	—	—
3	Corporates	16,581,413	5.1956 %	—	—	—	—	—
3,1	*of which Corporates – SMEs*	—	—	—	—	—	—	—
3,2	*of which Corporates – Specialized lending*	—	—	—	—	—	—	—
3,3	*of which Corporates – Other*	*16,581,413*	*5.1956 %*	—	—	—	—	—
4	Retail	27,332,888	—	45.2440 %	45.2440 %	—	—	—
4,1	*of which Retail – Immovable property SMEs*	—	—	—	—	—	—	—
4,2	*of which Retail – Immovable property non-SMEs*	*12,376,500*	—	*99.9190 %*	*99.9190 %*	—	—	—
4,3	*of which Retail – Qualifying revolving*	*1,519,168*	—	—	—	—	—	—
4,4	*of which Retail – Other SMEs*	*366,785*	—	—	—	—	—	—
4,5	*of which Retail – Other non-SMEs*	*13,070,435*	—	—	—	—	—	—
5	**Total as at 12/31/2023**	**43,914,301**	**1.9618 %**	**28.1605 %**	**28.1605 %**	**—**	**—**	**—**
	Total as at 06/30/2023	**30,480,967**	**1.3313 %**	**91.1801 %**	**91.1801 %**	**—**	**—**	**—**

Template EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques (2/2)

	A-IRB	Credit risk Mitigation techniques					Credit risk Mitigation methods in the calculation of RWEAs	
		Funded credit Protection (FCP)			Unfunded credit Protection (UFCP)			
		Part of exposures covered by Other funded credit protection (%)						
		Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	Funded credit Protection (FCP)
		h	i	j	k	l	m	n
1	Central governments and central banks	—	—	—	—	—	—	—
2	Institutions	—	—	—	—	—	—	—
3	Corporates	—	—	—	—	—	8,533,870	8,569,130
3,1	*of which Corporates – SMEs*	—	—	—	—	—	—	—
3,2	*of which Corporates – Specialized lending*	—	—	—	—	—	—	—
3,3	*of which Corporates – Other*	—	—	—	—	—	*8,533,870*	*8,569,130*
4	Retail	—	—	—	—	—	12,312,326	12,312,326
4,1	*of which Retail – Immovable property SMEs*	—	—	—	—	—	—	—
4,2	*of which Retail – Immovable property non-SMEs*	—	—	—	—	—	*1,778,699*	*1,778,699*
4,3	*of which Retail – Qualifying revolving*	—	—	—	—	—	*864,029*	*864,029*
4,4	*of which Retail – Other SMEs*	—	—	—	—	—	*182,489*	*182,489*
4,5	*of which Retail – Other non-SMEs*	—	—	—	—	—	*9,487,109*	*9,487,109*
5	**Total as at 12/31/2023**	**—**	**—**	**—**	**—**	**—**	**20,846,196**	**20,881,455**
	Total as at 06/30/2023	**—**	**—**	**—**	**—**	**—**	**11,902,770**	**11,924,752**

Template EU CR8: RWEA flow statements of credit risk exposures under the IRB approach

The tables below show the changes in RWAs calculated with application of the IRB models in the first two quarters of FY 2023-24, with a breakdown by the reasons for such changes.

In 2Q there was a reduction in RWAs due to a reduction in the exposure to the "Other companies" segment, attributable primarily to debt repayments plus an improvement in credit quality. For the "Retail exposures secured by residential properties" segment, there was an increase in RWAs due primarily to the new LGD model coming into operation. The "Retail exposures" segment did not show any significant changes.

		a	b
		RWA	Capital requirements
1	**Risk weighted exposure amount as at the end of the previous reporting period (06/30/2023)**	**11,924,752**	**953,980**
2	Asset size	(758,122)	(60,650)
3	Asset quality	(301,913)	(24,153)
4	Model updates	10,465,801	837,264
5	Methodology and policy	—	—
6	Acquisitions and disposals	—	—
7	Foreign exchange movements	14,716	1,177
8	Other	—	—
9	**Risk weighted exposure amount as at the end of the reporting period (09/30/2023)**	**21,345,234**	**1,707,619**

*Includes the AIRB model being extended to include Compass.

		a	b
		RWA	Capital requirements
1	**Risk weighted exposure amount as at the end of the previous reporting period (09/30/2023)**	**21,345,234**	**1,707,619**
2	Asset size	(188,501)	(15,080)
3	Asset quality	(415,164)	(33,213)
4	Model updates	188,068	15,045
5	Methodology and policy	—	—
6	Acquisitions and disposals	(23,998)	(1,920)
7	Foreign exchange movements	(24,184)	(1,935)
8	Other	—	—
9	**Risk weighted exposure amount as at the end of the reporting period (12/31/2023)**	**20,881,455**	**1,670,516**

*Includes the impact of the revision of the AIRB model for Mediobanca Premier.

Section 8 – ESG risks

8.1 Introduction

In line with the EBA Guidelines issued in January 2022,[19] Section 8 of this document, on Environmental, Social and Governance risks, contains the disclosure on ESG risks. The new reporting, which came into force on 28 June 2022, is required to be disclosed on a half-yearly basis.

The EBA Guidelines, incorporated and updated in Commission Implementing Regulation no. 2022/2453,[20] require the disclosure to consist of three qualitative sections to define Environmental, Social and Governance risks, plus a total of ten quantitative tables (the "Tables"), four of which on climate change transition risk, one on climate change physical risk, plus five three with quantitative data on the actions that credit institutions are implementing in order to mitigate risks linked to climate change, including information on EU[21] taxonomy-alignment actions (GAR and BTAR) and any other mitigation actions.

With reference to the alignment metrics, this document contains the first disclosure of the Green Asset Ratio (GAR), while the Banking Taxonomy Alignment Ratio (BTAR) is scheduled for disclosure to start from December 2024 on a voluntary basis.

The EBA Guidelines also provide for a phase-in period until June 2024 for some of the information that is more complex in terms of data collection and risk measurement methodology, such as reporting Scope 3 emissions and Portfolio Alignment.

Therefore, for this disclosure, a total of eight templates are required by the regulations, containing information (e.g. on GHG emissions) provided on a best-efforts basis, which will become mandatory according to the phase-in procedure referred to above not before 30 June 2024.

For the qualitative information, the following pages show the main differences compared to the disclosure published at end-June 2023, and reference is made to the same disclosure in cases where there have been no changes.

8.2 Qualitative information

This section is split into three parts, each one dealing respectively with Environmental, Social and Governance issues.

[19] EBA/ITS/2022/01 "*Final draft implementing technical standards on prudential disclosures on ESG risks in accordance with Article 449a CRR*", 24 January 2022.
[20] Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022.
[21] Regulation (EU) 2020/852 of 18 June 2020

In any case, the assignment of roles and responsibilities is an issue common to all three spheres, i.e. Environmental, Social and Governance, and so is described below.

In particular, with regard to the roles and responsibilities in the supervision and management of ESG risks, the **Board of Directors** decides on the strategic direction to be taken by the company, and monitors its implementation on an ongoing basis, through definition of the overall governance and organizational structure. With reference to sustainability issues and topics related to climate change or ESG issues in general, the Board of Directors approves the company's ESG Strategy and monitors its application, and defines and approves the strategic guidelines on risk taking, risk governance policies, and overall risk objectives, including climate and environmental risk.

In October 2023 provision was made for certain further roles and responsibilities, including on climate and environmental issues, as follows:

- The **Sustainability Committee** (formerly the Corporate Social Responsibility, or CSR, committee) checks that the Group is positioned correctly relative to its strategy for sustainable growth over time, in terms of valorizing people, sensitivity to social issues, and the reduction of its direct and indirect impact on the environment. In this area, the Committee is responsible for prior analysis of sustainability issues, and for compiling proposals to be submitted to the approval of the Board of Directors, including the CSR policies, the Consolidated Non-Financial Statement (the "CNFS"), and the ESG strategy, at the CEO's proposal;
- The **Risks Committee** performs monitoring, instruction and support duties for the Board of Directors in the areas of risk management, including ESG risks (with a particular focus on climate and environmental risks), internal controls and the company's accounting and reporting structure;
- The **Statutory Audit Committee** monitors the adequacy of the company's organizational and administrative and accounting structure, its financial and non-financial (CNFS) reporting structure, the thoroughness, adequacy, functioning and reliability of the internal controls system, the RAF, and the internal capital and liquidity assessment processes ("ICAAP" and "ILAAP");
- The **Chief Executive Officer** is responsible for governance of sustainability and corporate social responsibility activities, for the implementation of action to be taken in this area and for monitoring it, ensuring that the Group is positioned correctly on CSR issues in the relevant areas.

Regarding the roles and responsibilities of the steering and management committees for ESG-related issues, readers are invited to note the changes made from the Pillar III disclosure document as at 30 June 2023, to which reference is made for more exhaustive and detailed treatment on the subject, in particular the Lending and Underwriting Committee's change of name to **Credit and Market Committee**, with no change in its duties, while the **Group ESG Committee** (formerly the Group Sustainability Committee) has taken on the duty of ensuring sustainability issues are governed properly and that the Group is correctly positioned on this subjects. Its duties and responsibilities have also been defined more clearly, and involve the following: defining the Group Sustainability Policy

and the Group ESG Policy, supervising their implementation by the Group Legal Entities, promoting the adoption of consistent practices at Group level, giving its prior opinion on draft versions of the CNFS, the Task Force on Climate-Related Financial Disclosures Report (the "TCFD Report") and the documents which the Group is required to publish as a result of becoming a member of the Principles for Responsible Banking and the Net-Zero Banking Alliance, defining the means of communication, selecting the charitable initiatives to support and monitoring their performance, expressing prior opinions on the PAI ("Principal Adverse Impact") reduction targets, for the individual portfolio management service, i.e. the principal adverse impacts deriving from investment decisions on the plans to reduce the Group portfolio's carbon footprint, and therefore also on the sector transition plans drawn up in line with the Net-Zero Banking Alliance's requirements, assessing the different types of product that contribute to the Group's ESG offering, and monitoring the Group's positioning in these areas through qualitative and quantitative mapping of ESG products and their contribution to the Group's results.

Within the organizational model itself, many units are also involved in managing and assessing climate and environmental risks and opportunities. In particular, in addition to the **Group Sustainability** unit and the **Group Chief Financial Office (CFO)**, the responsibilities of which were listed in the disclosure issued at end-June 2023, the involvement of the following units should be noted:

- **Group HR**, in activities related to the establishment of the Group's remuneration and reward system, co-operates proactively with Group Sustainability and the CFO area in defining objectives which are consistent with the Group's strategy and in monitoring them on a regular basis. It also organizes and runs training sessions on ESG issues, in conjunction with Group Sustainability, to promote a corporate culture on these issues;
- **Group Data Office,** which defines the data governance measures for material ESG data, in accordance with the Group Data Governance framework;
- **IT** is responsible for designing, implementing and maintaining the architecture underlying the ESG reporting framework and the tools used to support ESG-related activities (e.g. the Heatmap, the ESG questionnaires used for credit risk), guaranteeing that the data used is consistent and coherent with the various areas' different needs.

ESG risk assessment and management is also integrated into the Group's three lines of defence. The units involved in the internal control framework for environmental risk in particular are as follows:

First line of defence

The **front office** teams contribute to defining the ESG strategy with a view to identifying possible business opportunities in the ESG space. Group Sustainability sends them the ESG objectives deriving from the Group's participation in ESG agreements/initiatives, and the teams translate them into concrete business proposals to be included in the Strategic Plan and/or annual budget. They develop new forms of in order to direct activities in line with the ESG Credit Guidance and RAF (the

Debt Division is responsible for this). They perform checks to ensure that the Group ESG Policy is applied correctly in practice (negative screening and ESG investment limits), within their own areas of responsibility (e.g. checks performed by the trading desks on issuer risk, controls performed by the Principal Investing division on proprietary investment activities, etc.).

In conjunction with Risk Management and Group Sustainability, they also analyse lending counterparties' ESG transition plans, and pursue a policy of active engagement to promote the adoption of business models that are compatible with reaching the Paris Agreement objectives.

Second line of defence

Group Risk Management, in line with the provisions of the reference external regulations, is responsible for ensuring that ESG principles are integrated into the company's risk management processes where relevant). In this connection it:

- Handles relations with the supervisory authorities, in particular in terms of liaising with the JST, and monitors the external regulations and best practices on ESG issues for risk management areas;
- Defines and implements the methodology used to assess the materiality of the Group's exposures to climate and environmental risks (the "Materiality Assessment"). The Materiality Assessment is updated at least once a year and is submitted to the approval of the competent bodies as part of the ICAAP process;
- Supervises the implementation of the additional qualitative and quantitative ESG information with reference to the activities for which it is responsible, contributes to the definition and application of the ESG strategy and in particular to the Group's ESG risk appetite. As part of the RAF, the Group Risk Management area defines the relevant metrics to be used for ESG risks and the limits which the Group intends to accept in order to pursue its strategic priorities. As part of the ICAAP framework, the unit integrates ESG risks into the map of risks to which the Group is exposed, defining the risk quantification methodologies, including ESG risk, and the means of determining them;
- Prepares the management monitoring reporting with the Group's integrated risks, including monitoring of the ESG RAF metrics. It also co-ordinates the regulatory and management stress tests on ESG issues required by the reference regulations. In this connection, the Group Risk Management area defines the ESG metrics and data, with the support of the CFO area, used to perform the stress tests, and prepares the relevant internal reporting;
- Assesses the exposure of the loan book and the proprietary investment portfolio to ESG risks, including from a forward-looking/simulation perspective, for purposes of the strategic planning processes. To this end it defines and updates the framework (the "Heatmap") to evaluate the ESG risk of the various sectors to which the portfolio is exposed, and prepares the reporting for the GRMC;

- Defines the methodology and executes the calculation of the Group's financed emissions ("Scope 3") and performs the portfolio alignment analysis. It compiles the data on GHG emissions, physical and transition risk necessary to complete the Pillar III templates and sends them to Group CFO;
- Defines and updates the methodology used to carry out the negative screening checks required by the Group ESG Policy and assesses the single-name ESG risk for the counterparties submitted to approval and lending for credit and counterparty risk:
- For operational and outsourcing risk, it conducts assessments of physical risk in terms of the business continuity of the Group's units and entities and that of its principal outsourcers;
- Performs an annual risk assessment to appraise the principal risks in relation to sustainability issues. The results of this analysis are included in the CNFS (risks related to material issues and their respective mitigation actions). In addition to the sections of the CFNS for which it is responsible, the area prepares the questionnaires for Mediobanca's ESG assessment and the relevant sections of the PRB report, and sends them to Group Sustainability;
- Assesses the ESG risks for each category of risk (e.g. liquidity, operational etc.) and produces the required reporting.

The **Compliance & Group Anti Money Laundering (AML)** unit ensures coverage of the relevant regulations for compliance aspects on ESG issues, in line with its duties, both directly and indirectly through the Group's other units and Legal Entities.

Third line of defence

The **Group Audit Unit** carries out third-level controls on activities involving ESG issues implemented by the Group in response to the regulatory requirements, the initiatives to which the Group has adhered, and changes in the market scenario.

Data management framework

The IT framework for data management is also applicable to all three spheres, E, S and G. To measure environmental, social and governance risks, internal client data at counterparty level, external public data, and information obtained from data providers and research institutes are used.

A series of activities is ongoing with the purpose of compiling a shared ESG database which is integrated into the Group's data architecture, to function as "single point of truth" in supporting the internal analysis/assessment activities, and to meet the regulatory reporting requirements. The database will include both management and regulatory/accounting data, both internal and external data.

1. ENVIRONMENTAL

The Group is committed to designing a transition plan that is able to direct its lending and proprietary investment portfolio towards achieving its climate objectives.

As a member of the Net-Zero Banking Alliance (UNEP-FI initiative), the Group has published the climate objectives for its proprietary credit exposure in the Power, Automotive, Cement and Aviation sectors, in conjunction with its annual disclosure as at 30 June 2023 (see the TCFD Report for FY 2022-23 and the Pillar III disclosure to the public as at 30 June 2023 for further details). The progress made towards reaching the targets will be monitored over time, and as from end-June 2024, interim reporting will be issued in the form of Pillar III Template 3, in which the portfolio targets for all the sectors identified will be reported on.

The Group has also embraced the challenges that climate change and the other environmental risks pose to society and the opportunities raised by decarbonization, and has incorporated these issues into its strategy and financial planning, by preparing ESG targets and objectives as part of its 2023-26 Strategic Plan "One Brand-One Culture", by designing products and adopting ESG policies that are based on inclusion and exclusion criteria which differ according to the type of business involved, and by implementing and monitoring the different metrics focused on transition and physical climate risk as part of the Group's Risk Appetite Framework.

For further details on the Group's efforts in relation to the points listed above, reference is made to the Pillar III disclosure as at 30 June 2023, and to the Group Remuneration Policy and Report, the Long-Term Incentive Plan 2023-026, and the ESOP 2023-26, all documents that are published on the Group's official website at www.mediobanca.com.

The main changes in terms of actions and objectives related to the regulatory requirements and voluntary protocols and to the Group's environmental risk management framework are described below.

Actions and objectives related to regulations and voluntary protocols

The Group qualifies under the terms of the EU Taxonomy Regulation as a "credit entity"; accordingly, it discloses the Key Performance Indicators (KPIs) stipulated by Regulation (EU) 2021/2178 for such types of financial firms in the Consolidated Non-Financial Statement (CNFS). In this annual disclosure, the Group has stated the share of its activities as at 30 June 2023 potentially eligible for the Climate Change Mitigation (CCM) and Climate Change Adaptation (CCA) objectives. The Group has also developed the methodologies with which to calculate its share of sustainable activities aligned with the CCM and CCA objectives. These shares have been published for the first

time in this Pillar III disclosure to the public, in accordance with the ESG ITS Implementing Regulation, and will be published as part of the CNFS starting from the statement for FY 2023-24.

The methodologies for calculating the share of Taxonomy-eligible activities are also in the process of being developed for the remaining environmental objectives (i.e. Water and marine resources, Circular economy, Pollution, Biodiversity and Ecosystems) and to include the off-balance aligned with the CCM and CCA objectives of part of the Taxonomy-related disclosure. These shares will be published starting from the CNFS disclosure for FY 2023-24, in line with the regulatory requirements.

In connection with the provision of their collective and individual portfolio management services, Mediobanca and Mediobanca SGR, in accordance with the provisions of Commission Delegated Regulation EU 2022/1288, on 30 June 2023 published their "Statement on the Principal Adverse Impacts of Investment Decisions on Sustainability Factors", containing an annual statement of the Principal Adverse Impacts (the "PAIs") on sustainability factors of their own investment decisions at the Legal Entity level. In particular, the Statements define the processes put in place to calculate, monitor and prioritize the PAIs, in accordance with the approach established by the Mediobanca Group.

It should also be noted that, again in accordance with the EU regulatory framework,[22] Mediobanca Premier too has published references on its website to the sources used to obtain information on the financial instruments/products recommended in its advisory services for possible consideration of their adverse effects on sustainability, and, if available, the respective PAIs.

Environmental Risk Management Framework

The Environmental Risk Management Framework is based on the Group ESG Policy, which defines the guidelines for integrating ESG criteria, and outlines the reference principles and the negative screening criteria (based also on assessments of the environmental risk posed by counterparties) and positive screening criteria applicable to lending, investment of own funds, and investment advice to clients. Methodologies have also been developed internally based on international standards (United Nations Environment Programme Finance Initiative – UNEP FI, Principles for Sustainable Insurance – PSI[23]). The ESG Heatmap, an instrument which the Group has created to assess the potential risk related to ESG factors based on sector of activity, has been used in particular for this purpose. Recently the scope of application for this tool has been extended beyond the lending and investment portfolio of Mediobanca, Mediobanca International, SelmaBipiemme and MBFACTA.

[22] Regulation 2019/2088 (SFRD), Article 4(5).

[23] The PSI are a voluntary initiative supported by the United Nations, which has the objective of tackling the risks and opportunities related to environmental, social and governance (ESG) issues in the insurance sector. Launched in 2012, the PSI are aligned with and integrated into the United Nations' Global Compact.

The following table summarizes the results obtained based on the update by UNEP FI as at February 2023:

ESG Pillar	Source: UNEP FI	Source: PSI
Environmental	Climate stability Water Air Soil Species Habitat Intensity of resources Waste	Transition risk Physical risk Impacts on World Heritage sites or other protected areas Impacts on species on IUCN Red List of Threatened Species Controversial living conditions or use of chemicals/medicines (e.g., overuse of antibiotics)

Based on the results of the Heatmap, regular reporting is drawn up on ESG risk analysis, which is updated on a quarterly basis and discussed by all relevant internal Committees. The report provides an assessment of the environmental, social and governance (ESG) risks for the loan book and investment portfolio exposures.

For a detailed description of the methodology underlying the Heatmap and the relevant areas of application, reference is made to the Pillar III disclosure to the public as at 30 June 2023.

Materiality assessment

The activity of quantifying the materiality of the impact of climate and environmental risks has been divided into two separate stages, to achieve the following purposes:

- To enable a progressive approach to the analysis in terms of the Group Legal Entities considered;
- To allow fine-tuning for the different estimation methodologies adopted as part of the framework where necessary.

Accordingly, the following changes have been made to the original structure:

- An additional stage of analysis has been added to identify the most material climate and environmental risk drivers based on the characteristics of the Group Legal Entities' various businesses (business-specific perspective);
- For each of the risk drivers considered to be material (cf. previous point), the transmission channels through the drivers are able to generate impacts on the business activities have been fine-tuned;
- The analysis methodologies used have also been refined in order to capture the impacts over the short, medium and long term.

This materiality assessment framework, and the results that can be obtained from it, will be incorporated into the next Group ICAAP exercise. For further details on the nature of the ICAAP process, reference is made to the Pillar III disclosure to the public as at 30 June 2023.

Mediobanca reviews the materiality of climate and environmental risks across the entire spectrum of its business activities, assessing their impact on the traditional risk categories and at Group level.

The process, which is carried out annually, may be broken down into three macro-phases: (1) identification of risk drivers; (2) identification of exposures; (3) determination of materiality.

Identification of risk drivers

Based on the scholarly literature on climate and environmental risks, and on specific guidance received in the course of direct communications with the supervisory authority, Mediobanca draws up a list of the risk drivers to which the Group is especially exposed. The list of potential risk drivers constitutes the starting point for the next phases of the materiality assessments, and represents the set of physical risk (broken down into acute and chronic physical risk) and transition risk drivers commonly accepted and shared by the international standards (as shown in the following table).

Climate-environmental risk	Time horizon[24]	Risk driver[25]
Acute physical risk	Short, medium and long term	Drought
		Heatwaves
		Flooding
		Storms, hurricanes and tropical cyclones
Chronic physical risk	Short, medium and long term	Loss of biodiversity
		Soil change
		Water stress
		Sea level rise
Transition risk	Short, medium and long term	Policies and regulation
		Technology
		Consumer preferences

In order to identify the risk drivers to which the Group is actually exposed, the exposures (in terms of gross carrying amount) are analysed at the geographical level for the physical risk drivers, and at the sector level for the transition risk drivers. This enables the Group to have a perception of the geographical areas and sectors to which it is most exposed, and, through analysis of information from a plurality of different sources (e.g. ECB, IEA, Thinkhazard! and ISPRA[26]) made available primarily by international organizations and/or companies, is thus able to identify the risk drivers that are most relevant to it. The risk drivers thus identified must be taken into consideration in the following steps of executing the materiality assessment.

Identification of exposures

[24] For each risk driver included in the table, it is reasonably assumed that it could have a potential impact over all the time horizons.
[25] Source: "*Guide on climate-related and environmental risks*" ECB (November 2020); and "*Thematic Review 2022 Questionnaire*".
[26] The use of information from multiple sources allows for wider visibility of the reference literature, and enables international information (from a harmonization perspective) as well as national information to be obtained.

Not all the Mediobanca Group Legal Entities are involved in the same activities. It is the nature of the business itself which determines the criteria by which the climate and environmental risk drivers are transmitted to the traditional risk categories (transmission channels). The business areas identified are the following:

The next step, then, is to work out how the physical and transition risk drivers assessed as being material for the Group can be transmitted through the performance of its ordinary activities, and how these risk drivers can alter its credit, market, operational and liquidity risk profile over time (short, medium, and long term). In this case too, information is used from a variety of international organizations (e.g. BCBS, NGFS).

In order to identify the potentially most impacted Group Legal Entities, a ranking is applied based on Risk Weighted Assets (RWAs)[27] for the credit, market and operational risk categories.[28] In this way the panel of potentially material Group Legal Entities[29] (shown in the following table) to be considered in the Materiality Assessment is defined.

[27] In order to identify the Group Legal Entities that could be exposed to operational risks, Assets Under Management (AUM) and Assets Under Administration (AUA) are considered as well as RWAs. AUM and AUA can be transmission channels for ESG risks to reputational risk, greenwashing risk in particular (which occurs when a financial product is presented as being more environmentally sustainable than it actually is, in order to appeal to investors who want to support the Sustainable Development Goals). Through the introduction of this criteria, Mediobanca SGR becomes one of the potentially material entities for the materiality analysis.

[28] For liquidity risk, the panel of Group Legal Entities is identified based on qualitative considerations, and materiality is assessed on a consolidated basis.

[29] The Group Legal Entities are listed in decreasing order in terms of their RWAs (this is repeated for each traditional risk category: credit/market/operational), with all entities that contribute to an aggregate value of at least 95% of the Group's total RWAs considered to be potentially material.

Legal Entity*	Credit risk	Market risk	Operational risk
Mediobanca	Potentially material	Potentially material	Potentially material
Compass Banca	Potentially material	-	Potentially material
Mediobanca International	Potentially material	-	-
Mediobanca Premier (ex CheBanca!)	Potentially material	-	Potentially material
CMB Monaco	Potentially material	-	Potentially material
MBFACTA	Potentially material	-	Potentially material
SelmaBipiemme	Potentially material	-	-
Mediobanca SGR	-	-	Potentially material

* MBCS has been excluded from the list of potentially material entities since the first materiality assessment exercise (30 June 2023), for two main reasons: firstly, the Group Legal Entity had sold its NPL portfolio to Revalea, a company itself in the process of being sold, but which as at 31 October 2023 had not yet been definitively sold to Banca Ifis; secondly, because the type of NPL involved was primarily unsecured. Hence both MBCS and Revalea were excluded from the analysis as at that reference date. The calculation was executed again for the situation as at end-December 2023 and was below the threshold in both cases.

For each potentially material Group Legal Entity and their respective type or types of business, the methodologies best suited to detecting the impact of climate and environmental risks are identified.

Determination of materiality

A Key Risk Indicator, or KRI, is associated with each methodology, and a materiality threshold is set in cases where the KRI is quantitative in nature. The purpose of this threshold is to establish the minimum risk limit beyond which the climate and environmental component must be treated as material in the performance of the Group Legal Entity's business. When the materiality threshold is breached, regular risk monitoring will have to be instituted, and where necessary or otherwise provided, mitigation actions will have to be implemented.

2. Social

The Group integrates social risks into its business model and strategy by offering products and services based on negative screening (i.e. criteria to identify and exclude parties involved in specific activities considered to be controversial from a social perspective) and specific ESG products and services that also implement positive screening criteria (i.e. criteria to identify parties and/or assets assessed positively from an ESG standpoint). The screening criteria are set out in detail in the Group ESG Policy.

The Group has also adopted a Group Sustainability Policy in which its approach to various issues of relevance to the "Social" factor, including the protection of human rights, is outlined.

Ongoing and increasing attention is being focused on social issues, with specific targets and objectives being included in the 2023-26 Strategic Plan, and a dedicated action plan being

developed, with the objective of creating an even more inclusive workplace (the "toDEI" project). The Group's efforts to give value to diversity received recognition when it obtained gender parity certification, in accordance with the UNI/PdR 125:2022 standards required *inter alia* by the National Recovery and Resilience Plan (NRRP) on 12 December 2023.

Mediobanca was also included in the Bloomberg Gender- Equality Index (GEI) again for 2023, and received recognition at the Diversity Equity & Inclusion Awards for its role in promoting the inclusion of vulnerable categories of employees in the workplace.

For further details on the Group's efforts in the Social area, reference is made to the Pillar III disclosure to the public as at 30 June 2023, the PRB Report 2022-23, and the CNFS for FY 2022-23.

The main changes in the Group's Social Risk Management Framework are described below.

Social Risk Management Framework

The Social Risk Management Framework, like the Environmental Risk Management Framework, is based on the Group ESG Policy and on methodologies developed internally based on international standards (United Nations Environment Programme Finance Initiative – UNEP FI, Principles for Sustainable Insurance - PSI). In particular the ESG Heatmap is used, for further information on which reference is made to section 1. "Environmental".

The Heatmap, in this particular case, considers a set of social risk drivers impacting on each economic sector. The table below summarizes the drivers identified based on the updated version issued by UNEP FI in February 2023:

ESG Pillar	Source: UNEP FI	Source: PSI
Social	Conflict Modern slavery Child labour Data privacy Natural disasters Health and safety Availability of water, food, energy and housing Health and sanitation services Education Mobility Information Connectivity Culture and heritage Finance Employment Wages Social security Gender parity Ethic/racial equality Age discrimination Other vulnerable groups	Child labour Human trafficking Forced resettlement (including land/water rights for native people, land grabbing) Violation of worker rights (e.g. discrimination, collective bargaining) Controversial weapons exposure (e.g. UN conventions)

3. GOVERNANCE

Regarding the roles and responsibilities of the various directional and management committees on issues related to governance risk, reference is made to the first part of this section providing "Qualitative information". The Group has integrated ESG risks into its organizational structure and into the roles and responsibilities of the various parent company units, for example through the Group Sustainability Policy (updated in March 2023[30]), the Group ESG Policy (March 2023), and the Group Regulations (May 2023), the details of which are provided in the Pillar III disclosure to the public as at end-June 2023.

A list of the governance risk drivers considered by the ESG Heatmap is provided below, updated in accordance with the provisions of the UNEP FI issued in February 2023:

ESG Pillar	Source: UNEP FI	Source: PSI
Governance & Economic	Legal requirements Civil liberties Sector diversity Development of MSMEs Infrastructure Socio-economic convergence	Illegal and unethical payments Anti-competitive practices, violations of antitrust laws, unethical conduct, unethical tax approach Unethical conduct or negative health impact on customers

ESG risk analysis, performed using the ESG Heatmap, is supplemented with the characteristics of the individual counterparties represented in the portfolio (single-name analysis) in order to reflect the actual risk level. For lending portfolio counterparties, this analysis is performed through the use of a qualitative questionnaire, which takes various aspects into account, including governance systems, ethics, inclusiveness, transparency, management of conflicts of interest, etc. For further information on the Heatmap, reference is made to section 1. "Environmental".

When the Corporate Sustainability Reporting Directive (CSRD) comes into force, further aspects will also be integrated into the analysis of the Group counterparties' governance risk.

[30] It should be noted in this connection that the Group Sustainability Policy was updated again in February 2024. The changes made will be described in detail in the Pillar III disclosure to the public as at end-June 2024.

8.3 Quantitative information

Template 1: Banking book – climate change transition risk: credit quality of exposures by sector, emissions and outstanding duration

Template 1 shows information on the activities most exposed to the risks entailed by the transition to a low carbon emission economy which is less damaging to the climate.

The template contains a breakdown of the gross carrying amount of the exposures in equity, debt securities, and loans and advances, versus non-financial companies held as part of the banking book; accordingly, financial assets held for trading or held for sale are excluded. The exposures are shown by sector of economic activity, classified using the NACE (Nomenclature of Economic Activities) codes based on the counterparties' core business. Template 1 also requires additional information to be stated regarding the quality of such exposures, including if any of them are classified as non-performing or Stage 2, the provisioning made in respect of them, and their breakdown by duration brackets and average weighted duration.

The rows show the exposures based on their classification by NACE code for the companies included in the scope of application.

As for the columns, column (b) requires the exposures to non-financial companies excluded from EU Paris-aligned benchmarks to be identified. The Group has considered the requirements specified in Commission Delegated Regulation (EU) 2020/1818.[31]

Counterparties are included in column (b) based on single-name analysis of the exposures and clients included in the scope. To identify such counterparties, the Group has also used an info-provider, which has enabled more indepth portfolio analysis and so has resulted in counterparties not considered in the previous disclosures being included.

In line with the phase-in period provided by the regulations, starting with the current Pillar III disclosure to the public, data is also provided on the information specified in column (c) – "Of which environmentally sustainable (CCM)". The data stated in this column refers to the share of assets considered to be sustainable in view of the Climate Change Mitigation environmental objective, in accordance with the requirements set by the EU Taxonomy Regulation. For further details on the

[31] As specified in Article 12(1), 1, letters:
d) Companies that generate 1% or more of their revenues from prospecting, mining, distributing or refining of hard coal and lignite;
e) Companies that generate 10% or more of their revenues from prospecting, mining, distributing or refining of hard coal and lignite;
f) Companies that generate 50% or more of their revenues from prospecting, mining, producing or distributing fuel gases;
g) Companies that generate 50% or more of their revenues from the production of electricity with greenhouse gas intensity of above 100g CO_2e/kWh.
and in Article 12, Section 2: that significantly harm one or more of the environmental objectives referred to in Article 9 of Regulation (EU) 2020/852 of the European Parliament and of the Council. This latter criterion has been assessed on whether or not there is litigation pending against the counterparty with respect to one or more environmental objectives.

methodology used to identify the Group's share of Taxonomy-aligned assets, reference is made to the note accompanying Template 7: Mitigation actions – GAR Assets contained in this document.

In columns (i), (j) and (k) the amount of greenhouse gas emissions financed (counterparties Scope 1, 2 and 3 emissions) is shown for each sector. This disclosure (i.e. GHG emissions) has been compiled on a best efforts basis, and will become compulsory as from 30 June 2024, in accordance with the phase-in period provided by the EBA ITS.

The scope of the calculation considered is equal to approx. 94% of the total exposures, as it does not include loans to non-financial counterparties for purposes of acquiring property or vehicles (such loans are included in PCAF categories "Commercial real estate" and "Motor vehicle loans").

Regarding the methodological approach used to quantify the GHG emissions data, as required by the ECB,[32] the calculation has been made based on the Global GHG Accounting and Reporting Standard for the Financial Industry (December 2022) compiled by the Partnership for Carbon Accounting Financials (PCAF), a detailed guide for financial institutions, developed in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

The PCAF Standard details the allocation and calculation methodologies for the various asset classes, such as: Listed equity and corporate bonds, Business loans and unlisted equity, Commercial real estate.

The calculation comprises Scope 1, Scope 2 and Scope 3 of the counterparties' GHG emissions. To ensure greater accuracy in the calculation of counterparties' GHG emissions, a data source hierarchy has been adopted, according to which priority is given to information deriving from a leading info-provider, and thereafter to data obtained from a different provider. The data provided by the info-providers in turn has its own hierarchical classification, in which priority is given to the data disclosed publicly by the counterparties themselves, and secondly, to data estimated using a methodology developed by the providers, based on the use of earnings indicators for the counterparties. In some cases, in the absence of data collected by the info-provider, manual searches have been carried out to check if the data concerned has been published by the counterparty.

For counterparties that do not declare their emissions or whose emissions have not been estimated by the info-provider, the data is calculated internally using the methodology advocated by the PCAF standard. In particular, emissions factors provided by the Partnership for Carbon Accounting Financials (PCAF Emission Factor Database). The calculation made using these factors takes account of both the sector in which the counterparty operates and the country in which it is based, plus its

[32] Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, TCFD, October 2021; Guide on climate-related and environmental risks Supervisory expectations relating to risk management and disclosure, ECB, November 2020.

revenues where available. Reference is made to the Pillar III disclosure to the public as at 30 June 2023 for further details.

Template 1: Banking book – Climate change transition risk: credit quality of exposures by sector, emissions and residual maturity (1/2)

	Sector/subsector	a	b	c	d	e	f	g	h
		Gross carrying amount (€m)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (€m)		
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Reg	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures
1	**Exposures towards sectors that highly contribute to climate change***	**10,217,048**	**711,226**	**363,565**	**319,028**	**134,630**	**(116,265)**	**(18,539)**	**(66,352)**
2	**A - Agriculture, forestry and fishing**	**28,507**	**—**	**—**	**1,618**	**2,291**	**(1,870)**	**(179)**	**(1,462)**
3	**B - Mining and quarrying**	**27,583**	**1,812**	**8,491**	**1,192**	**41**	**(59)**	**(2)**	**(34)**
4	B.05 - Mining of coal and lignite	—	—	8,460	—	—	—	—	—
5	B.06 - Extraction of crude petroleum and natural gas	19,179	151	31	—	6	(4)	—	—
6	B.07 - Mining of metal ores	—	—	—	—	—	—	—	—
7	B.08 - Other mining and quarrying	6,740	—	—	8	35	(54)	(1)	(34)
8	B.09 - Mining support service activities	1,664	1,661	—	1,184	—	(1)	(1)	—
9	**C - Manufacturing**	**4,489,713**	**376,909**	**113,332**	**191,297**	**16,398**	**(35,335)**	**(10,214)**	**(10,793)**
10	C.10 - Manufacture of food products	393,922	—	—	21,814	2,441	(2,298)	(801)	(778)
11	C.11 - Manufacture of beverages	114,741	—	—	16	58	(152)	—	(48)
12	C.12 - Manufacture of tobacco products	145,674	—	—	—	—	(28)	—	—
13	C.13 - Manufacture of textiles	17,331	—	—	216	687	(729)	(30)	(539)
14	C.14 - Manufacture of wearing apparel	4,979	—	—	168	331	(268)	(29)	(193)
15	C.15 - Manufacture of leather and related products	18,983	—	—	374	137	(284)	(49)	(123)
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	11,931	—	—	992	116	(216)	(65)	(90)
17	C.17 - Manufacture of pulp, paper and paperboard	191,079	—	—	25	75	(359)	(3)	(19)
18	C.18 - Printing and service activities related to printing	10,573	—	—	2,289	541	(506)	(144)	(318)
19	C.19 - Manufacture of coke oven products	35,725	35,613	—	1	—	(159)	(1)	—
20	C.20 - Production of chemicals	168,137	—	7,037	1,349	17	(221)	(52)	(11)
21	C.21 - Manufacture of pharmaceutical preparations	398,885	—	—	65	1	(504)	(2)	—
22	C.22 - Manufacture of rubber products	239,221	—	66	656	647	(679)	(13)	(389)
23	C.23 - Manufacture of other non-metallic mineral products	166,384	—	2,002	60,015	173	(1,225)	(944)	(136)
24	C.24 - Manufacture of basic metals	81,570	—	1,344	299	47	(1,000)	(14)	(39)
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	251,294	—	389	3,320	3,086	(4,526)	(443)	(1,788)
26	C.26 - Manufacture of computer, electronic and optical products	226,891	21,359	—	30,833	19	(2,816)	(1,634)	(18)
27	C.27 - Manufacture of electrical equipment	183,185	—	39,030	24,789	972	(3,000)	(1,838)	(511)
28	C.28 - Manufacture of machinery and equipment n.e.c.	551,202	—	2	36,172	5,007	(10,309)	(3,835)	(4,575)
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	1,147,664	319,937	63,461	4,604	152	(3,874)	(97)	(43)
30	C.30 - Manufacture of other transport equipment	13,820	—	1	1,787	25	(149)	(45)	(20)
31	C.31 - Manufacture of furniture	6,590	—	—	419	839	(585)	(58)	(501)
32	C.32 - Other manufacturing	86,871	—	—	170	727	(1,008)	(17)	(453)
33	C.33 - Repair and installation of machinery and equipment	23,061	—	—	924	300	(440)	(100)	(201)
34	**D - Electricity, gas, steam and air conditioning supply**	**799,279**	**209,025**	**108,409**	**109**	**76**	**(796)**	**(12)**	**(57)**
35	D35.1 - Electric power generation, transmission and distribution	421,195	16,777	106,586	77	2	(527)	(5)	(2)
36	D35.11 - Production of electricity	202,604	16,513	2,638	66	—	(219)	(3)	—
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	375,958	192,248	1,821	26	54	(262)	(6)	(50)
38	D35.3 - Steam and air conditioning supply	2,126	—	2	6	20	(7)	(1)	(5)
39	**E - Water supply; sewerage, waste management and remediation activities**	**59,637**	**—**	**561**	**572**	**741**	**(570)**	**(20)**	**(477)**
40	**F - Construction**	**794,805**	**65,071**	**87,136**	**9,022**	**10,551**	**(9,883)**	**(827)**	**(6,532)**
41	F.41 - Construction of buildings	233,933	65,071	—	5,596	6,267	(6,132)	(510)	(4,123)
42	F.42 - Civil engineering	378,319	—	326	218	290	(675)	(20)	(143)
43	F.43 - Specialized construction activities	182,553	—	86,810	3,208	3,994	(3,076)	(297)	(2,266)
44	**G - Wholesale and retail trade; repair of motor vehicles and motorcycles**	**1,549,391**	**45,857**	**6,153**	**86,222**	**17,191**	**(26,562)**	**(4,298)**	**(13,143)**
45	**H - Transportation and storage**	**494,344**	**12,552**	**39,483**	**4,818**	**16,488**	**(3,778)**	**(316)**	**(2,399)**
46	H.49 - Land transport and transport via pipelines	153,215	12,552	56	3,652	14,498	(1,346)	(158)	(959)
47	H.50 - Water transport	23,695	—	—	5	10	(154)	(1)	(1)
48	H.51 - Air transport	57,689	—	—	5	88	(432)	(4)	(75)
49	H.52 - Warehousing and support activities for transportation	193,395	—	39,023	658	1,365	(1,336)	(57)	(1,035)
50	H.53 - Postal and courier activities	66,350	—	404	498	527	(510)	(96)	(329)
51	**I - Accommodation and food service activities**	**68,714**	**—**	**—**	**5,447**	**2,073**	**(3,171)**	**(1,011)**	**(1,401)**
52	**L - Real estate activities**	**1,905,075**	**—**	**—**	**18,731**	**68,780**	**(34,241)**	**(1,660)**	**(30,054)**
53	**Exposures towards sectors other than those that highly contribute to climate change***	**7,257,325**	**431,130**	**145,916**	**132,698**	**22,920**	**(27,957)**	**(5,965)**	**(8,451)**
54	**K - Financial and insurance activities**	**1,562,936**	**37,439**	**27,740**	**12,424**	**329**	**(3,313)**	**(687)**	**(317)**
55	Exposures to other sectors (NACE codes J, M - U)	**5,694,389**	**393,691**	**118,176**	**120,274**	**22,591**	**(24,644)**	**(5,278)**	**(8,134)**
56	**TOTAL**	**17,474,373**	**1,142,356**	**509,481**	**451,726**	**157,550**	**(144,222)**	**(24,504)**	**(74,803)**

Template 1: Banking book – Climate change transition risk: credit quality of exposures by sector, emissions and residual maturity (2/2)

	Sectors/sub-sectors	i	j	k[33]	l[34]	m[6]	n[6]	o[6]	p
		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	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years[35]	Average weighted maturity
			Of which Scope 3 financed emissions						
1	**Exposures towards sectors that highly contribute to climate change***	**5,185,705**	**3,215,814**	**16.53%**	**9,157,114**	**673,257**	**185,089**	**201,588**	
2	**A - Agriculture, forestry and fishing**	**13,130**	**4,508**	**—**	**17,716**	**10,480**	**311**	**—**	**3.92**
3	**B - Mining and quarrying**	**45,299**	**18,872**	**—**	**27,321**	**262**	**—**	**—**	**0.91**
4	*B.05 - Mining of coal and lignite*	—	—	—	—	—	—	—	0.00
5	*B.06 - Extraction of crude petroleum and natural gas*	36,122	15,912	—	19,179	—	—	—	0.69
6	*B.07 - Mining of metal ores*	—	—	—	—	—	—	—	0.00
7	*B.08 - Other mining and quarrying*	7,055	2,347	—	6,478	262	—	—	1.76
8	*B.09 - Mining support service activities*	2,122	612	—	1,664	—	—	—	0.06
9	**C - Manufacturing**	**3,116,100**	**2,191,607**	**11.77%**	**4,152,976**	**239,919**	**96,818**	**—**	**2.28**
10	*C.10 - Manufacture of food products*	256,045	231,163	1.89%	391,066	2,583	273	—	2.67
11	*C.11 - Manufacture of beverages*	11,166	9,894	82.58%	70,063	44,380	298	—	3.18
12	*C.12 - Manufacture of tobacco products*	2,340	1,267	—	145,674	—	—	—	0.49
13	*C.13 - Manufacture of textiles*	3,868	3,271	—	15,513	1,818	—	—	2.05
14	*C.14 - Manufacture of wearing apparel*	445	362	—	3,850	698	431	—	3.74
15	*C.15 - Manufacture of leather and related products*	2,681	2,378	28.47%	11,883	771	6,329	—	8.18
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	789	648	—	8,051	3,880	—	—	4.29
17	*C.17 - Manufacture of pulp, paper and paperboard*	375,945	100,493	—	110,402	2,583	78,094	—	9.49
18	*C.18 - Printing and service activities related to printing*	861	650	—	7,231	1,278	2,064	—	5.19
19	*C.19 - Manufacture of coke oven products*	72,901	38,628	—	35,680	45	—	—	1.15
20	*C.20 - Production of chemicals*	112,581	79,849	14.62%	158,872	5,902	3,363	—	2.93
21	*C.21 - Manufacture of pharmaceutical preparations*	6,084	4,439	—	397,999	886	—	—	2.67
22	*C.22 - Manufacture of rubber products*	199,824	115,549	—	230,893	8,328	—	—	1.73
23	*C.23 - Manufacture of other non-metallic mineral products*	264,231	30,183	—	162,382	3,974	28	—	1.44
24	*C.24 - Manufacture of basic metals*	125,333	68,413	—	77,580	3,730	260	—	0.63
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	83,755	73,540	—	224,436	25,928	930	—	1.92
26	*C.26 - Manufacture of computer, electronic and optical products*	188,032	183,736	15.86%	189,757	37,134	—	—	1.87
27	*C.27 - Manufacture of electrical equipment*	84,870	77,358	17.22%	178,443	4,742	—	—	2.68
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	442,298	415,933	2.93%	465,073	83,766	2,363	—	2.73
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	844,754	723,439	22.35%	1,147,551	113	—	—	0.87
30	*C.30 - Manufacture of other transport equipment*	3,894	1,390	51.55%	12,673	758	389	—	2.14
31	*C.31 - Manufacture of furniture*	445	367	—	4,804	1,786	—	—	3.40
32	*C.32 - Other manufacturing*	31,202	27,217	36.26%	85,621	1,250	—	—	2.76
33	*C.33 - Repair and installation of machinery and equipment*	1,756	1,440	15.28%	17,479	3,586	1,996	—	4.64
34	**D - Electricity, gas, steam and air conditioning supply**	**1,259,045**	**558,488**	**38.88%**	**743,827**	**13,879**	**15,358**	**26,215**	**4.65**
35	*D35.1 - Electric power generation, transmission and distribution*	664,181	88,022	30.25%	371,750	7,872	15,358	26,215	7.70
36	*D35.11 - Production of electricity*	325,606	42,180	12.94%	153,973	7,058	15,358	26,215	14.91
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	593,666	469,948	48.74%	369,951	6,007	—	—	1.25
38	*D35.3 - Steam and air conditioning supply*	1,198	518	—	2,126	—	—	—	0.03
39	**E - Water supply; sewerage, waste management and remediation activities**	**23,749**	**2,794**	**—**	**55,382**	**1,200**	**3,055**	**—**	**1.82**
40	**F - Construction**	**100,562**	**58,271**	**49.84%**	**755,274**	**34,820**	**4,711**	**—**	**3.17**
41	*F.41 - Construction of buildings*	41,959	36,549	38.88%	204,631	25,202	4,100	—	3.25
42	*F.42 - Civil engineering*	12,525	10,611	73.78%	377,881	438	—	—	2.62
43	*F.43 - Specialized construction activities*	46,077	11,110	—	172,762	9,180	611	—	4.23
44	**G - Wholesale and retail trade; repair of motor vehicles and motorcycles**	**511,635**	**323,341**	**13.50%**	**1,416,432**	**118,273**	**14,686**	**—**	**1.94**
45	**H - Transportation and storage**	**93,834**	**45,350**	**44.32%**	**474,634**	**17,840**	**1,870**	**—**	**2.00**
46	*H.49 - Land transport and transport via pipelines*	10,913	6,846	—	137,530	15,240	445	—	2.67
47	*H.50 - Water transport*	13,816	1,785	—	23,695	—	—	—	0.25
48	*H.51 - Air transport*	40,967	10,726	59.53%	56,650	1,039	—	—	1.75
49	*H.52 - Warehousing and support activities for transportation*	23,964	22,120	54.71%	191,502	468	1,425	—	2.30
50	*H.53 - Postal and courier activities*	4,175	3,873	65.41%	65,257	1,093	—	—	0.40
51	**I - Accommodation and food service activities**	**2,176**	**1,897**	**—**	**46,988**	**21,158**	**568**	**—**	**4.18**
52	**L - Real estate activities**	**20,175**	**10,684**	**1.54%**	**1,466,564**	**215,426**	**47,712**	**175,373**	**4.03**
53	**Exposures towards sectors other than those that highly contribute to climate change***				**6,787,891**	**194,020**	**211,234**	**64,180**	
54	**K - Financial and insurance activities**				**1,464,404**	**71,896**	**2,317**	**24,319**	**2.76**
55	Exposures to other sectors (NACE codes J, M - U)				**5,323,487**	**122,124**	**208,917**	**39,861**	**2.93**
56	**TOTAL**	**5,185,705**	**3,215,814**	**16.53%**	**15,945,005**	**867,277**	**396,323**	**265,768**	

[33] The percentage is equal to 0 in all cases where reporting is not available for the specific companies.
[34] Columns from L to O show the breakdown by outstanding life of the gross book value shown in column A.
[35] For the purposes of defining weighted average duration (column p), equity exposures are not included in the balance in column (o)

Template 2: Banking book – Climate change transition risk: Loans secured by properties - Energy efficiency of collateral

Template 2 shows the climate change transition risk for loans secured by commercial and residential properties, and for the collateral recovered, based on the energy performance and energy class (EPC label) of the collateral itself. The gross carrying value of the in-scope exposures is stated, along with a breakdown of them by:

— EPC label: reference is made to the energy class stated in the energy certificates obtained by the Group;

— Energy performance score (EP score in kWh/m² of collateral): reference is made to the information stated in the energy certificates, or, where this is not available, to data estimated by info-providers or through internal models. The total amount of the exposures for which the performance score has been estimated is stated in the rows entitled: *of which Estimated energy level efficiency (EP score in kWh/m² of collateral)*.

The in-scope exposures have been split according to the geographical area where the collateral is located (i.e. EU or non-EU).

Approx. 85% of the total exposures (€12.3bn) regards the contribution from Mediobanca Premier,[36] which has developed processes for obtaining energy certificates when new contracts are opened. Furthermore, in order to obtain the energy certificates for buildings or properties securing loans already outstanding and included in the loan book, the Group Legal Entity has used the support of a leading info-provider. In this way it has been possible to obtain EPC labels for properties used as collateral for loans to acquire properties covering approx. 30% of the total loan book (including loans for renovations). For the remaining properties, for which it has not been possible to obtain EPC labels, the energy efficiency values have been estimated by a leading info-provider, for a share of the mortgage loans which covers approx. 60% of the loan book. Furthermore, in order to reduce the use of proxies as much as possible, Mediobanca Premier has launched activities internally to recover the EPC labels directly from the sales contracts for residential properties financed from January 2010 to June 2022.

For the properties of which ownership has been acquired as a result of enforcements, it has been possible to obtain EPC labels, while for a share of the commercial properties used as collateral, energy efficiency data has been estimated using the methodologies developed internally for climate stress testing.

Regarding the Monégasque property portfolio, activities to obtain energy efficiency certificates for both new and outstanding loans are also in progress. These activities have enabled energy

[36] CheBanca! was renamed Mediobanca Premier on 15 January 2024.

efficiency class certificates to be obtained for approx. €330m of the loans secured by residential properties (i.e. equal to approx. 32% of the Monégasque portfolio).

Template 2: Banking book – climate change transition risk: Loans secured by properties – energy efficiency of collateral

	Counterparty sector	a[37]	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount (in €m)															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			0; <= 100	> 100; <= 200	> 200; <= 300	> 300; <= 400	> 400; <= 500	> 500	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**	**13,656,736**	**4,183,034**	**5,452,385**	**1,102,936**	**618,385**	**209,625**	**254,740**	**646,996**	**246,158**	**250,695**	**467,560**	**679,576**	**806,241**	**905,438**	**9.654.072**	**81%**
2	Of which Loans collateralized by commercial immovable property	1,851,936	32,315	79,492	177,140	99,895	139,096	213,039	24,035	16,441	22,055	33,333	39,259	16,152	25,888	1.674.773	34%
3	Of which Loans collateralized by residential immovable property	11,752,609	4,145,711	5,335,129	918,385	517,528	70,258	41,049	621,961	229,717	208,947	407,748	636,659	789,084	879,317	7.979.176	91%
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	52,191	5,008	37,764	7,411	962	271	652	1,000	—	19,693	26,479	3,658	1,005	233	123	—
5	*Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated*[38]	7.850.080	2.902.292	3.932.241	383.393	325.520	125.518	181.116								7,934,702	100%
6	**Total non-EU area**	**956,295**	**—**	**—**	**—**	**—**	**—**	**—**	**45,808**	**59,593**	**169,975**	**26,169**	**34,187**	**1,785**	**6,890**	**611,888**	**—**
7	Of which Loans collateralized by commercial immovable property	57,944	—	—	—	—	—	—	—	—	45,944	—	—	—	—	12,000	—
8	Of which Loans collateralized by residential immovable property	898,351	—	—	—	—	—	—	45,808	59,593	124,031	26,169	34,187	1,785	6,890	599,888	—
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*[39]	—	—	—	—	—	—	—								—	—

[37] The gross carrying amount stated in column (a) is aligned with the figure included in the Finrep reporting.
[38] Line 5 is a component of the sum of lines 2, 3, and 4.
[39] Line 10 is a component of the sum of lines 7,8 and 9.

Template 3: Banking book – Climate change transition risk: alignment metrics

Template 3 requires information to be disclosed on the Group's efforts in terms of alignment with the Paris Agreement objectives for a selected number of sectors.

Based on the phase-in period provided by Implementing Regulation No. 2022/2453 of the European Commission, the Template should be published for the first time on 30 June 2024. The Mediobanca Group, in the TCFD Report published annually, has already provided disclosure on its alignment for certain sectors with the Paris Agreement.

As stated in the TCFD report published in September 2023 with reference to the situation as at 30 June 2023, Mediobanca has assessed the impact of climate transition risk on the Group's Lending and Investment portfolios as at end-2022,[40] measuring the level of alignment (current and future) with the objective of reaching Net-Zero CO_2 emissions by 2050.

For further details on the most recent portfolio alignment analysis, reference is made to the TCFD Report for FY 2022-23 and the Pillar III ESG disclosure as at 30 June 2023.

The Mediobanca Group will perform the portfolio alignment exercise again in conjunction with the TCFD Report for FY 2023-24 and the Pillar III disclosure to the public as at 30 June 2024, updating the existing portfolio targets and setting targets for the sectors provided by Pillar III but as yet not reported.

Template 4: Banking book – climate change transition risk: exposures to top 20 high carbon-intensity companies

Template 4 shows the Group's exposures to the world's top 20 high carbon-intensity companies. In performing its analysis the Group has considered both direct exposures to the world's top 20 high carbon-intensity companies, and those to companies belonging to the same economic group as one of the top 20, in line with the guidance issued in the Q&A 2022_6536 published on 19 February 2023.

The Mediobanca Group has a single exposure to one company owned by one of the top 20 most polluting companies in the world, representing 0.016% of the total gross carrying amount of the exposures included in the Group's banking book.[41]

It should be noted that column (c) on the share of Taxonomy-aligned assets which are environmentally stable (Climate Change Mitigation objective) has not been completed, as the

[40] Specifically the exposures of the following Group Legal Entities have been considered: Mediobanca S.p.A.; Mediobanca International (Luxembourg) SA; CMB Monaco; Mediobanca Premier (ex CheBanca!) S.p.A.; Compass Banca S.p.A.; Mb Facta S.p.A.; SelmaBipiemme Leasing S.p.A.; and MB Credit Solutions S.p.A.

[41] All banking book exposures have been considered for this calculation, including loans and advances, debt securities and equity-like instruments, but excluding financial assets held for trading and financial assets available for sale.

counterparty referred to above is not based in the European Union and so is not subject to the EU Taxonomy reporting requirements.

The lists used to identify such exposures are as follows:

— Carbon Majors Database – Carbon-Majors-Report-2017.pdf (cdp.net);
— Climate Accountability Institute – CAI PressRelease December 2020 (climateaccountability.org).

Both lists used are attached as annexes to this document.

Template 4: Banking book – climate change transition risk: exposures to top 20 high carbon-intensity companies

	a	b	c	d	e
	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1	12,552	0.02%	—	2.21	1

Template 5 – Climate change physical risk: exposures subject to chronic and acute physical risk in Italy, other EU Member States and the rest of the world

The template provides information on banking book exposures to non-financial companies, loans secured by properties, and collateral in the form of properties recovered, that have been exposed to physical climate risks: Chronic and Acute Physical Risks. In line with the TCFD recommendations, the exposures have been aggregated by the counterparty's sector of economic activity (NACE classification) and by geographic area (with detail for Italy, the Eurozone and the Rest of the World), with a distinction made between two macro-categories: Exposures to Non-Financial Corporates, and Loans secured by Properties.

Loans secured by properties

The Group's loans guaranteed by properties are concentrated primarily in the domestic market, with approx. 44% located in Northern Italy, approx. 25% in Central Italy, approx. 21% in Southern Italy, and approx. 9% in Sicily and Sardinia.

In order to classify the properties used as collateral that are exposed to physical risks, chronic and/or acute, a methodological approach has been adopted which is based on estimates of the size of the potential damages to earnings expected for the properties, which are calculated based on the precise geographical location of the asset, risk maps of the principal physical climate risk factors relevant for Italy, and the outstanding duration of the exposure guaranteed.

The methodological approach follows the same criteria used since 30 June 2023, based on accurate estimates of the degree of exposure to physical risk, starting from the precise geolocation of the properties and a well-structured database providing information on the individual assets (e.g. property use, building floor plan, precise information on the various morphological, physical and anthropical factors in the area in which the property is situated, etc.). The results of the analysis therefore reflect accurate impact estimates based on the characteristics of the individual properties used as collateral. Reference is made to the Pillar III disclosure to the public as at 30 June 2023 for further details on the methodology used.

Exposures to Non-Financial Corporates

To classify counterparties exposed to physical climate risks, a methodology has been adopted that allows a distinction to be made between chronic and acute physical risks, using a quantitative approach based on the estimated economic impacts deriving from the different physical risk factors to which the counterparty might be exposed. The economic impact is determined by considering the average value of the impacts estimated over a 15-year time horizon, which is considered to be an adequate period of time to record potential climate changes and the uncertainty regarding the future development of climate risk events, in line with the EBA Guidelines.[42] The average economic impact for all the physical risk factors considered is then calculated in relation to the company's net worth as shown in the most recent financial statements available, so that the percentage differs according to the company's level of capitalization and hence its ability to face down the possible economic impacts caused by adverse physical phenomena. All counterparties which show a ratio between average economic impact and net worth of above 1% are classified as being exposed to physical risk. All the economic impact estimates determined according to the Delayed Transition climate scenario, based on which the effects are graduated in terms of probability of occurrence and intensity of climate phenomena.

The methodology used to estimate the economic impacts of physical risks differs according to the type of corporate counterparty, considering two different categories of company:

- So-called "Global" Connected Corporate Counterparties, for which the exposure to physical risk does not depend so much on the geographical location of their headquarters (which, in a globalized market, does not represent significant information with reference to physical risk), but to the multiple interconnections linked to the specific features of their business model and entire value chain related to it.
- So-called "Local" Small Business Counterparties, for which the exposure to physical risk mainly relates to the physical damage suffered directly following the occurrence of the extreme events in the geographical situation where the firm is based, as these are types of counterparty that

[42] "[…] the timeframe for long-term environmental risk should normally exceed the 10 years mark". Single Rulebook Q&A, *Transparency and Pillar 3*, Question ID: 2022_6537, EBA 2022.

perform their economic activities in relatively concentrated sites and markets in geographical terms, with relatively limited company value chains.

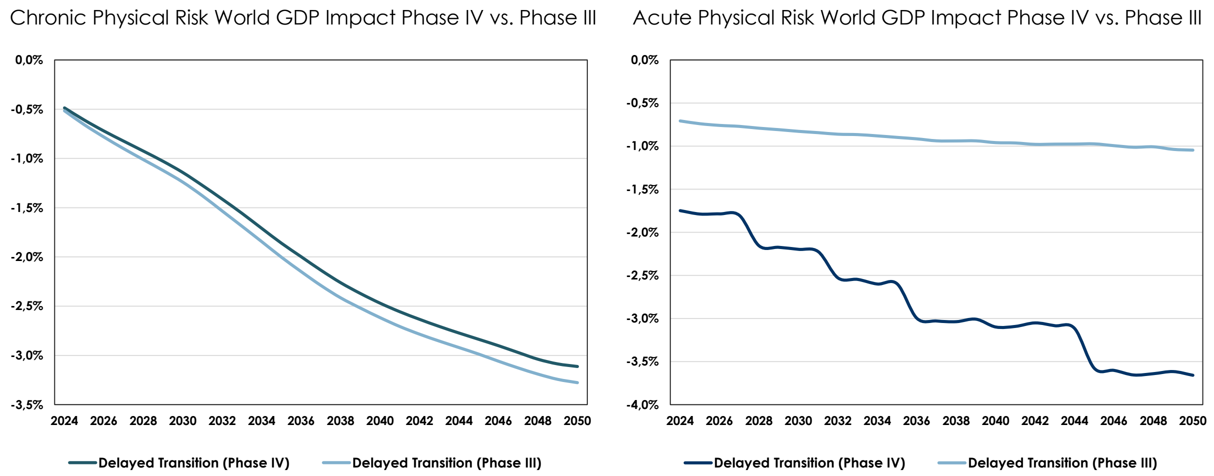
Reference is made to the Pillar III disclosure to the public as at 30 June 2023 for further details on the methodology used.

It should be noted, however, that the new estimates linked to the NGFS climate scenarios (known as "Phase IV") have impacted significantly on the estimates of the degree of exposure to physical risks for Non-Financial Corporate counterparties, in particular for those identified as "Global" Connected Corporate Counterparties, compared to the most recent Pillar III disclosure as at end-June 2023. In this six-monthly disclosure we have updated the estimates of the physical risks released by the NGFS in November 2023, which impact on many of the calculation functions based on which companies' degree of exposure to physical risks is estimated. In particular, in Phase IV the NGFS has updated the acute physical risk estimates, including additional risk factors that were not included in the previous version (Phase III). The new estimates include four categories of acute physical risks: flood, cyclone, drought, heatwave. Fig. 1 shows the macroeconomic damage functions related to chronical and acute physical risks in Phase III (used in the Pillar III disclosure to the public as at 30 June 2023) compared with those in Phase IV (used in the Pillar III disclosure to the public as at 31 December 2023). As maybe observed, for the chronic physical risks the new estimates are lower, albeit not significantly, whereas the acute physical risk damage functions are notably higher. As stated by the NGFS, the changes derive from the application of more advanced modelling of the acute physical risks, and from the fact that a higher number of risk factors has been covered, which are able to capture the indirect microeconomic impacts more effectively than in the Phase III estimates.

With the use of these new estimates, despite the overall exposure levels of the loan book to the set of physical risks not changing, the levels with which the exposure is divided between chronic and acute physical risks change considerably.

In the Pillar III disclosure to the public as at end-December 2023, the degree of coverage of the Non-Financial Corporate Counterparties for which it has been possible to estimate the physical risks has increased significantly, from 72% to 85%. This affects both the degree of exposure to physical risks and the breakdown between chronic and acute physical risks. The final results are also influenced by the reduction in the aggregate value of the exposures in the six months, (-9%).

Fig. 1 – NGFS Estimates of Impact of Physical Risks (50th Perc.): Phase IV vs Phase III



Source: NGFS.

Template 5: Banking book – Physical risk in relation to climate change: Exposures subject to physical risk (all countries) (1/4)

	a	b[43]	c	d	e	f	g	h	i	j	k	l	m	n	o
	All countries		Gross carrying amount (€m)												
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					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		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	28.507	8.812	622	—	—	1,86	2	5.636	3.796	1.183	336	(450)	(93)	(290)
2	B - Mining and quarrying	27.583	3.513	—	—	—	0,52	9	252	3.252	2	6	(7)	(0)	(0)
3	C - Manufacturing	4.489.713	1.270.391	37.144	179.302	5.486	2,96	66.994	553.144	872.185	128.171	3.153	(8.411)	(3.340)	(1.419)
4	D - Electricity, gas, steam and air conditioning supply	799.279	405.955	3.744	—	—	1,05	3.923	227.987	177.789	12	53	(455)	(1)	(38)
5	E - Water supply; sewerage, waste management and remediation activities	59.637	35.299	—	—	—	0,83	5.664	27.889	1.746	76	292	(211)	(5)	(162)
6	F - Construction	794.805	54.089	8.775	163	—	3,35	11.690	19.076	32.261	3.499	2.419	(2.229)	(382)	(1.360)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1.549.391	334.634	54.941	3.903	—	2,43	54.460	119.933	219.085	47.003	767	(3.993)	(818)	(531)
8	H - Transportation and storage	494.344	204.268	581	920	—	2,17	26.127	137.557	42.085	1.908	778	(1.004)	(127)	(237)
9	L - Real estate activities	1.905.075	144.844	3.260	29	—	1,26	432	123.301	24.400	121	169	(306)	(33)	(116)
10	Loans collateralized by residential immovable property	12.650.960	2.687	35.480	294.976	661.562	24,43	81.035	899.618	14.052	65.611	13.526	(10.631)	(4.565)	(5.666)
11	Loans collateralized by commercial immovable property	1.909.880	2.627	12.263	31.444	44.731	20,53	2.688	87.493	884	4.192	2.693	(1.987)	(296)	(1.552)
12	Repossessed collaterals	52.189	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)	7.326.039	2.122.130	27.699	416	25.312	1,98	35.012	1.067.006	1.073.539	98.432	1.368	(10.206)	(4.027)	(796)
14	*J - Information and Communication*	1.130.942	302.068	616	—	25.312	2,76	2.372	213.991	111.633	35.090	15	(2.422)	(1.231)	(6)
15	*M- Professional, scientific and technical activities*	3.229.923	1.111.201	21.992	—	—	1,98	5.362	725.433	402.398	1.027	183	(2.297)	(51)	(101)
16	*N - Administrative and support service activities*	1.084.442	456.742	1.689	324	—	1,47	10.635	4.151	443.969	5.218	270	(417)	(146)	(85)

43 The gross book value in column (b) is aligned with the value recorded in the Finrep reporting.

Template 5: Banking book – Physical risk in relation to climate change: Exposures subject to physical risk (Italy) (2/4)

	a	b[44]	c	d	e	f	g	h	i	j	k	l	m	n	o
	Italy	Gross carrying amount (€m)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					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		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	28.507	8.812	622	—	—	1,86	2	5.636	3.796	1.183	336	(450)	(93)	(290)
2	B - Mining and quarrying	8.215	3.513	—	—	—	0,52	9	252	3.252	2	6	(7)	—	—
3	C - Manufacturing	2.607.022	895.884	37.144	179.302	5.486	3,54	66.994	491.161	559.661	127.177	3.153	(7.536)	(3.337)	(1.419)
4	D - Electricity, gas, steam and air conditioning supply	740.069	373.320	3.744	—	—	1,02	3.923	195.352	177.789	12	53	(380)	(1)	(38)
5	E - Water supply; sewerage, waste management and remediation activities	59.637	35.299	—	—	—	0,83	5.664	27.889	1.746	76	292	(211)	(5)	(162)
6	F - Construction	329.504	54.089	8.775	163	—	3,35	11.690	19.076	32.261	3.499	2.419	(2.229)	(382)	(1.360)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	599.116	211.181	54.941	3.903	—	2,89	54.460	118.024	97.541	9.510	767	(3.234)	(251)	(531)
8	H - Transportation and storage	225.423	51.643	581	920	—	1,91	26.127	19.227	7.790	1.908	778	(628)	(127)	(237)
9	L - Real estate activities	733.998	144.843	3.260	29	—	1,26	432	123.301	24.400	121	169	(306)	(33)	(116)
10	Loans collateralized by residential immovable property	11.672.659	2.614	35.480	294.826	661.318	24,43	81.035	899.151	14.052	65.611	13.378	(10.572)	(4.565)	(5.609)
11	Loans collateralized by commercial immovable property	1.851.936	2.627	12.263	31.444	44.731	20,53	2.688	87.493	884	4.192	2.693	(1.987)	(296)	(1.552)
12	Repossessed collaterals	52.189	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)	3.796.891	1.576.812	27.699	416	25.312	1,95	35.012	779.076	816.151	42.161	1.368	(5.622)	(1.539)	(796)
14	*J - Information and Communication*	724.255	226.072	616	—	25.312	3,02	2.372	213.991	35.637	35.090	15	(2.334)	(1.231)	(6)
15	*M- Professional, scientific and technical activities*	2.192.462	875.537	21.992	—	—	1,87	5.362	554.366	337.801	1.027	183	(1.962)	(51)	(101)
16	*N - Administrative and support service activities*	693.706	453.718	1.689	324	—	1,47	10.635	4.151	440.945	5.218	270	(416)	(146)	(85)

44 The gross book value in column (b) is aligned with the value recorded in the Finrep reporting.

Template 5: Banking book – Physical risk in relation to climate change: Exposures subject to physical risk (Rest of World) (3/4)

	a	b[45]	c	d	e	f	g	h	I	j	k	l	m	n	o
	Other EU countries	Gross carrying amount (€m)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					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		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2	B - Mining and quarrying	2.826	—	—	—	—	—	—	—	—	—	—	—	—	—
3	C - Manufacturing	1.131.154	324.977	—	—	—	1,07	—	45.029	279.948	—	—	(394)	—	—
4	D - Electricity, gas, steam and air conditioning supply	26.575	—	—	—	—	—	—	—	—	—	—	—	—	—
5	E - Water supply; sewerage, waste management and remediation activities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	F - Construction	449.157	—	—	—	—	—	—	—	—	—	—	—	—	—
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	703.994	62.387	—	—	—	2,78	—	1.909	60.478	—	—	(140)	—	—
8	H - Transportation and storage	214.903	152.625	—	—	—	2,26	—	118.330	34.295	—	—	(376)	—	—
9	L - Real estate activities	317.865	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Loans collateralized by residential immovable property	85.912	73	—	150	244	21,65	—	467	—	—	148	(59)	—	(57)
11	Loans collateralized by commercial immovable property	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Repossessed collaterals	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)	2.020.576	437.710	—	—	—	1,91	—	240.919	196.791	56.271	—	(4.443)	(2.488)	—
14	*J - Information and Communication*	179.440	75.996	—	—	—	1,89	—	—	75.996	—	—	(88)	—	—
15	*M- Professional, scientific and technical activities*	750.298	128.056	—	—	—	2,17	—	124.056	4.000	—	—	(194)	—	—
16	*N - Administrative and support service activities*	356.084	3.024	—	—	—	0,92	—	—	3.024	—	—	(1)	—	—

45 The gross book value in column (b) is aligned with the value recorded in the Finrep reporting.

Template 5: Banking book – Physical risk in relation to climate change: Exposures subject to physical risk (Rest of World) (4/4)

	a	b[46]	c	d	E	f	g	h	i	j	k	l	m	n	o
	Rest of Word	Gross carrying amount (€m)													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					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		
			<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2	B - Mining and quarrying	16.542	—	—	—	—	—	—	—	—	—	—	—	—	—
3	C - Manufacturing	751.537	49.530	—	—	—	2,08	—	16.954	32.576	994	—	(481)	(3)	—
4	D - Electricity, gas, steam and air conditioning supply	32.635	32.635	—	—	—	1,34	—	32.635	—	—	—	(75)	—	—
5	E - Water supply; sewerage, waste management and remediation activities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	F - Construction	16.144	—	—	—	—	—	—	—	—	—	—	—	—	—
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	246.281	61.066	—	—	—	0,04	—	—	61.066	37.493	—	(619)	(567)	—
8	H - Transportation and storage	54.018	—	—	—	—	—	—	—	—	—	—	—	—	—
9	L - Real estate activities	853.212	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Loans collateralized by residential immovable property	892.389	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Loans collateralized by commercial immovable property	57.944	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Repossessed collaterals	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)	1.508.572	107.608	—	—	—	2,69	—	47.011	60.597	—	—	(141)	—	—
14	*J - Information and Communication*	227.247	—	—	—	—	—	—	—	—	—	—	—	—	—
15	*M- Professional, scientific and technical activities*	287.163	107.608	—	—	—	2,69	—	47.011	60.597	—	—	(141)	—	—
16	*N - Administrative and support service activities*	34.652	—	—	—	—	—	—	—	—	—	—	—	—	—

46 The gross book value in column (b) is aligned with the value recorded in the Finrep reporting.

Template 5.1 – Breakdown of gross book value subject to physical risk

	TOTAL	Gross carrying amount (€m)		Physical risk/ Gross carrying amount (%)
			of which exposures sensitive to impact from climate change physical events	
1	A - Agriculture, forestry and fishing	28,507	9,434	33.10%
2	B - Mining and quarrying	27,583	3,512	12.73%
3	C - Manufacturing	4,489,713	1,492,323	33.24%
4	D - Electricity, gas, steam and air conditioning supply	799,279	409,699	51.26%
5	E - Water supply; sewerage, waste management and remediation activities	59,637	35,299	59.19%
6	F - Construction	794,805	63,027	7.93%
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,549,391	393,477	25.40%
8	H - Transportation and storage	494,344	205,769	41.62%
9	L - Real estate activities	1,905,075	148,133	7.78%
10	Loans collateralized by residential immovable property	12,650,960	994,706	7.86%
11	Loans collateralized by commercial immovable property	1,909,880	91,065	4.77%
12	Repossessed collaterals	52,191	0	—
13	Other relevant sectors (breakdown below where relevant)	7,326,039	2,175,558	29.70%
14	*J - Information and Communication*	1,130,942	327,996	29.00%
15	*M- Professional, scientific and technical activities*	3,229,923	1,133,194	35.08%
16	*N - Administrative and support service activities*	1,084,442	458,755	42.30%

The total exposures sensitive to physical events related to climate risk amount, for the Non-Financial Corporate component, amounted to €3,707.7m for Italy (30/6/23: €3,291.6m), to €977.7m for the other EU Member States (€1,129.8m), and €250.8m for the Rest of the World (€300.5m), equal to 40.62% (32.39%), 20.09% (23.03%), and 7.21% (7.91%) of the total gross carrying amount of their respective geographical areas.

For the Secured loans and collateral recovered component, the only significant figure for the exposures sensitive to the impact of physical events related to climate change is for Italy,[47] which amounts to €1,0853m (30/6/23: €1,054.1m), equal to 8% of the total gross carrying amount for the country of Italy. The risk calculation methodology fine-tuning and the improvements made in terms of recovering the information necessary in order to make the calculation, have enabled the physical risk to be analysed much more precisely, which has resulted in a reduction of the impact compared to the previous disclosures.

[47] The Monégasque property portfolio does not contain any exposures subject to physical risk.

It should be noted that the Group's internal estimates are expected to constantly improve both for the methodology for calculating exposures subject to physical risk which is constantly evolving and for the higher availabilty of the information dataset.

Template 6: Summary of KPIs on Taxonomy-aligned exposures

Template 6 provides an overview of the turnover-based KPIs for the Climate Change Mitigation (CCM) and Climate Change Adaptation (CCA) objectives, and at the total level, calculated on the basis of the data shown in Templates 7 and 8.

In particular, the Template shows the following KPIs in terms of both stock and flow:[48]:

- GAR CCM: percentage of Taxonomy-aligned exposures versus the CCM objective out of the Group's "total GAR assets";[49]
- GAR CCA: percentage of Taxonomy-aligned exposures versus the CCA objective out of the Group's "total GAR assets";
- GAR TOTAL: percentage of Taxonomy-aligned exposures at the total level out of the Group's "total GAR assets";
- % coverage: "total GAR assets" as a percentage of the Group's total assets.

Template 6: Summary of GAR KPIs

	12/31/2023			
	KPI			% coverage (over total assets)*
	Climate change mitigation	Climate Change Adaptation	Total (Climate Change Mitigation + Climate change adaptation)	
GAR stock	1.60%	0.01%	1.61%	45.90%
GAR flow	0.86%	—	0.87%	22.21%

* % of assets covered by the KPI out of total banks' assets.

Template 7: Mitigating action – GAR Assets

Template 7 shows the total gross carrying amount of the loans and advances, debt securities and equity-like instruments included in the banking book, with the information broken down by type of counterparty: financial companies, non-financial companies, households, local governments, and mortgage loans to households. Columns (b) to (p) show the share of environmentally sustainable assets in view of the Climate Change Mitigation (CCM) and Climate Change Adaptation (CCA) objectives and at the total level as required by Article 9, letters a) and b) of Regulation (EU) 2020/852 (the "EU Taxonomy Regulation").

[48] Reference is made to Template 8 for further information regarding the definition of stock and flow.
[49] Total GAR assets correspond to the Gross Carrying amount stated in row 32 of Template 7.

Regulation (EU) 2020/852 defines a regulatory framework to promote sustainable investments, defining two different degrees of sustainability:

- Taxonomy-eligible assets: every asset that potentially contributes to one of the environmental objectives contained in the EU Taxonomy Regulation;
- Taxonomy-aligned assets: every asset that contributes substantially to one of the environmental objectives contained in the EU Taxonomy Regulation.

The template shows the Gross Carrying Amount of the assets held on the balance sheet, with a breakdown of the items based on the role which they have in the calculation of the Green Asset Ratio (GAR). The GAR is an indicator that shows the percentage of the Group's total assets represented by environmentally sustainable assets. Within the template it has been possible to distinguish between:

- Assets included in the GAR numerator, i.e.:
  - Exposures in the form of "loans and advances", "debt securities" and "equity instruments" to financial companies (broken down by type of counterparty) and non-financial companies subject to the NFRD;
  - Exposures to households, with certain breakdowns: "vehicle loans", "loans secured by residential properties", and "loans for renovations";
  - Loans to local governments;
  - Collateral made up of commercial and residential immoveable property.
- Assets excluded from the GAR numerator but included in the denominator:
  - Exposures in the form of "loans and advances", "debt securities" and "equity instruments" to non-financial companies not subject to the NFRD broken down by those situated within and outside the European Union;
  - Derivatives;
  - Interbank loans;
  - Cash and cash-related assets;
  - Other assets (e.g. commodities, goodwill etc.).
- Assets excluded from both the GAR numerator and denominator. Such assets include:
  - Sovereign exposures;
  - Exposures versus central banks;
  - Exposures held as part of the trading book.

The Group has published KPIs for its own Taxonomy-eligible assets in view of the CCM and CCA objectives as part of the Consolidated Non-Financial Statements (CNFS) for FY 2021-22 and for FY 2022-23. As from this disclosure, the analysis has been expanded to identify the Taxonomy-aligned exposures versus the two climate objectives referred to above, in line with the requirements of Commission Implementing Regulation (EU) 2022/2453.

The share of environmentally sustainable assets identified by the Group and stated in the template are turnover-based only, unlike the disclosure provided in the CNFS but in line with the requirements of Commission Implementing Regulation (EU) 2022/2453. The methodological approach adopted by the Group to quantify these assets is summarized below:

- For retail exposures in the form of motor vehicle loans, loans collateralized by residential immovable property and collateral, the Group has used the technical and DNSH criteria defined in Annex I of the Climate Delegated Act, in particular as follows:
  - For motor vehicle loans, exposures to vehicles classified in categories M1, N1 and L have been treated as Taxonomy-eligible, while exposures to vehicles classified in categories L and to vehicle manufacturers meeting the Minimum Safeguards (as defined in the Taxonomy FAQ published by the European Commission on 21 December 2023) have been treated as Taxonomy-aligned, and aligned exposures with CO2 emissions of above 0 gCO2/km have been treated as Taxonomy aligned-transitional.
  - For loans collateralized by residential immovable property and collateral, all the exposures held by the Group have been treated as Taxonomy-eligible, while exposures versus properties with the following characteristics have been treated as Taxonomy-aligned:
    - Building construction date prior to 31 December 2020;
    - Energy Class A certificate;
    - Nil or low exposure to climate physical risks (landslide and flooding).
- For exposures in debt securities, loans and advances, and equity instruments to corporate counterparties, the Group has decided to use an info-provider in order to obtain the eligibility and alignment percentages published by the counterparties themselves in their sustainability reports and CNFS.

It should be noted that virtually none of the data provided by the info-provider refers to the eligibility percentages for the individual CCM and CCA objectives, because of the counterparties' failure to disclose them in their CNFS, merely the percentages at the total level. Accordingly, where the eligibility percentages versus the two objectives have been published by the counterparties, they have been included in the Template, and in all other cases, only the total percentage has been included. For this reason the sum of columns (b) and (g) do not coincide with the figures shown in column (l).

Template 7 - Mitigating actions: Assets for the calculation of GAR (1/3)

		a	b	c	d	e	f
			12/31/2023				
			Climate Change Mitigation (CCM)				
		Total gross carrying amount	Of which towards taxonomy relevant sectors				
				Of which environmentally sustainable			
					Of which specialized 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	44,370,754	16,302,585	1,158,085	—	39,028	292,261
2	**Financial corporations**	**9,116,033**	**136**	**37,921**	**—**	**1**	**33,666**
3	Credit institutions	3,927,134	—	—	—	—	—
4	Loans and advances	3,267,451	—	—	—	—	—
5	Debt securities, including UoP	659,683	—	—	—	—	—
6	Equity instruments	—	—	—	—	—	—
7	Other financial corporations	5,188,899	136	37,921	—	1	33,666
8	of which investment firms	—	—	—	—	—	—
9	Loans and advances	—	—	—	—	—	—
10	Debt securities, including UoP	—	—	—	—	—	—
11	Equity instruments	—	—	—		—	—
12	of which management companies	278,216	136	12,426	—	1	11,715
13	Loans and advances	96,808	—	11,255	—	—	11,255
14	Debt securities, including UoP	—	—	—	—	—	—
15	Equity instruments	181,408	136	1,171		1	460
16	of which insurance undertakings	804,269	—	—	—	—	—
17	Loans and advances	573,918	—	—	—	—	—
18	Debt securities, including UoP	230,351	—	—	—	—	—
19	Equity instruments	—	—	—		—	—
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**4,787,276**	**230,313**	**509,480**	**—**	**10,648**	**258,595**
21	Loans and advances	4,577,285	219,233	501,541	—	10,648	257,572
22	Debt securities, including UoP	162,476	11,080	5,635	—	—	132
23	Equity instruments	47,515	—	2,304		—	891
24	**Households**	**30,462,360**	**16,072,136**	**610,684**	**—**	**28,379**	**—**
25	of which loans collateralized by residential immovable property	12,525,235	12,525,235	571,965	—	—	—
26	of which building renovation loans	—	—	—	—	—	—
27	of which motor vehicle loans	3,551,128	3,546,901	38,719	—	28,379	—
28	**Local governments financing**	**5,085**	**—**	**—**	**—**	**—**	**—**
29	Housing financing	—	—	—	—	—	—
30	Other local governments financing	5,085	—	—	—	—	—
31	Collateral obtained by taking possession: residential and commercial immovable properties	52,189	52,189	—	—	—	—
32	**TOTAL GAR ASSETS**	**44,422,943**	**16,354,774**	**1,158,085**	**—**	**39,028**	**292,261**
	Assets excluded from the numerator for GAR calculation (covered in the denominator)						
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**10,090,023**					
34	Loans and advances	9,759,282					
35	Debt securities	159,267					
36	Equity instruments	171,474					
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**2,602,600**					
38	Loans and advances	2,593,396					
39	Debt securities	9,204					
40	Equity instruments	—					
41	Derivatives	688,283					
42	On demand interbank loans	563,631					
43	Cash and cash-related assets	121,254					
44	Other assets (e.g. Goodwill, commodities etc.)	13,514,136					
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**	**72,002,870**					
	Other assets excluded from both the numerator and denominator for GAR-calculation						
46	Sovereigns	8,873,996					
47	Central banks exposure	4,458,282					
48	Trading book	11,132,016					
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	**24,464,294**					
50	**TOTAL ASSETS**	**96,422,858**					

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Template 7 - Mitigating actions: Assets for the calculation of GAR (2/3)

		g	h	i	j	k
		12/31/2023				
		Climate Change Adaptation (CCA)				
		Of which towards taxonomy relevant sectors				
			Of which environmentally sustainable			
				Of which specialized lending	Of which adaption	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	160	9,880	—	—	1,296
2	**Financial corporations**	**—**	**12**	**—**	**—**	**4**
3	Credit institutions	—	—	—	—	—
4	Loans and advances	—	—	—	—	—
5	Debt securities, including UoP	—	—	—	—	—
6	Equity instruments	—	—		—	—
7	Other financial corporations	—	12	—	—	4
8	of which investment firms	—	—	—	—	—
9	Loans and advances	—	—	—	—	—
10	Debt securities, including UoP	—	—	—	—	—
11	Equity instruments	—	—		—	—
12	of which management companies	—	12	—	—	4
13	Loans and advances	—	—	—	—	—
14	Debt securities, including UoP	—	—	—	—	—
15	Equity instruments	—	12		—	4
16	of which insurance undertakings	—	—	—	—	—
17	Loans and advances	—	—	—	—	—
18	Debt securities, including UoP	—	—	—	—	—
19	Equity instruments	—	—		—	—
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**160**	**9,868**	**—**	**—**	**1,292**
21	Loans and advances	150	9,868	—	—	1,292
22	Debt securities, including UoP	10	—	—	—	—
23	Equity instruments	—	—		—	—
24	**Households**					—
25	of which loans collateralized by residential immovable property					—
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**	**160**	**9,880**	**—**	**—**	**1,296**
	Assets excluded from the numerator for GAR calculation (covered in the denominator)					
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**					
34	Loans and advances					
35	Debt securities					
36	Equity instruments					
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**					
38	Loans and advances					
39	Debt securities					
40	Equity instruments					
41	Derivatives					
42	On demand interbank loans					
43	Cash and cash-related assets					
44	Other assets (e.g. Goodwill, commodities etc.)					
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**					
	Other assets excluded from both the numerator and denominator for GAR calculation					
46	Sovereigns					
47	Central banks exposure					
48	Trading book					
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**					
50	**TOTAL ASSETS**					

Template 7 - Mitigating actions: Assets for the calculation of GAR (3/3)

		l	m	n	o	p
		12/31/2023				
		TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors			
			Of which environmentally sustainable			
				Of which specialized lending	Of which transitional/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	19,003,528	1,167,965	—	39,028	293,557
2	**Financial corporations**	**1,344,827**	**37,933**	**—**	**1**	**33,670**
3	Credit institutions	851,307	—	—	—	—
4	Loans and advances	646,820	—	—	—	—
5	Debt securities, including UoP	204,487	—	—	—	—
6	Equity instruments	—	—		—	—
7	Other financial corporations	493,520	37,933	—	1	33,670
8	of which investment firms	—	—	—	—	—
9	Loans and advances	—	—	—	—	—
10	Debt securities, including UoP	—	—	—	—	—
11	Equity instruments	—	—		—	—
12	of which management companies	47,392	12,438	—	1	11,719
13	Loans and advances	40,004	11,255	—	—	11,255
14	Debt securities, including UoP	—	—	—	—	—
15	Equity instruments	7,388	1,183		1	464
16	of which insurance undertakings	199,651	—	—	—	—
17	Loans and advances	146,886	—	—	—	—
18	Debt securities, including UoP	52,765	—	—	—	—
19	Equity instruments	—	—		—	—
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**230,473**	**519,348**	**—**	**10,648**	**259,887**
21	Loans and advances	1,533,657	511,409	—	10,648	258,864
22	Debt securities, including UoP	49,068	5,635	—	—	132
23	Equity instruments	3,840	2,304		—	891
24	**Households**	**16,072,136**	**610,684**	**—**	**28,379**	**—**
25	of which loans collateralized by residential immovable property	12,525,235	571,965	—	—	—
26	of which building renovation loans	—	—	—	—	—
27	of which motor vehicle loans	3,546,901	38,719	—	28,379	—
28	**Local governments financing**	—	—	—	—	—
29	Housing financing	—	—	—	—	—
30	Other local governments financing	—	—	—	—	—
31	Collateral obtained by taking possession: residential and commercial immovable properties	52,189	—	—	—	—
32	**TOTAL GAR ASSETS**	**19,055,717**	**1,167,965**	**—**	**39,028**	**293,557**
	Assets excluded from the numerator for GAR calculation (covered in the denominator)					
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**					
34	Loans and advances					
35	Debt securities					
36	Equity instruments					
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**					
38	Loans and advances					
39	Debt securities					
40	Equity instruments					
41	Derivatives					
42	On demand interbank loans					
43	Cash and cash-related assets					
44	Other assets (e.g. Goodwill, commodities etc.)					
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**					
	Other assets excluded from both the numerator and denominator for GAR calculation					
46	Sovereigns					
47	Central banks exposure					
48	Trading book					
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**					
50	**TOTAL ASSETS**					

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Template 8: Mitigating actions – GAR %

Template 8 shows the percentage of sustainable assets versus the CCM and CCA objectives and at the total level out of the "total GAR assets" contained in the Group's total assets and stated in row 32 of Template 7.

The template specifically contains the turnover-based percentage of exposures included in the GAR calculation numerator out of total GAR assets, in particular as follows:

- Corporate counterparties, distinguishing between: Credit institutions, Management companies, Investment firms, Insurance undertakings, and Non-financial companies;
- Households, distinguishing between: motor vehicle loans, loans collateralized by residential immovable property, and building renovation loans;
- Local government financing, distinguishing between: House financing, and Other local government financing:
- Collaterals obtained by taking possession: residential and commercial immovable properties.

The following template shows, for each of these exposures:

- KPI on stock: based on the total exposures included in the Group's assets as at 31 December 2023;
- KPI on flow: based on the new exposures taken out in the last six months since the end of the Group's financial reporting year (i.e. in the six months from 1 July 2023 to 31 December 2023).

It should also be noted that the percentage of eligible assets at the total level is 26.24%, in line with the figure contained in the CNFS for FY 2022-23.

Template 8: GAR (%) (1/2)

% (compared to total covered assets in the denominator)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	12/31/2023: KPIs on stock															
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
	Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					
		Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
			Of which specialized lending	Of which adaptation	Of which enabling			Of which specialized lending	Of which adaptation	Of which enabling			Of which specialized lending	Of which transitional/ adaptation	Of which enabling	
1 GAR	**22.60%**	**1.60%**	**—**	**0.05%**	**0.40%**	**0.00%**	**0.01%**	**—**	**—**	**0.00%**	**26.34%**	**1.61%**	**—**	**0.05%**	**0.41%**	**45.90%**
2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	22.53%	1.60%	—	0.05%	0.40%	0.00%	0.01%	—	—	0.00%	26.26%	1.61%	—	0.05%	0.41%	45.85%
3 Financial corporations	0.00%	0.05%	—	0.00%	0.05%	—	0.00%	—	—	0.00%	1.86%	0.05%	—	0.00%	0.05%	9.42%
4 Credit institutions	—	—	—	—	—	—	—	—	—	—	1.18%	—	—	—	—	4.06%
5 Other financial corporations	0.00%	0.05%	—	0.00%	0.05%	—	0.00%	—	—	0.00%	0.68%	0.05%	—	0.00%	0.05%	5.36%
6 of which investment firms	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7 of which management companies	0.00%	0.02%	—	0.00%	0.02%	—	0.00%	—	—	0.00%	0.07%	0.02%	—	0.00%	0.02%	0.29%
8 of which insurance undertakings	—	—	—	—	—	—	—	—	—	—	0.28%	—	—	—	—	0.83%
9 Non-financial corporations subject to NFRD disclosure obligations	0.32%	0.70%	—	0.01%	0.36%	0.00%	0.01%	—	—	0.00%	2.19%	0.72%	—	0.01%	0.36%	4.95%
10 Households	22.21%	0.84%	—	0.04%	—						22.21%	0.84%	—	0.04%	—	31.48%
11 of which loans collateralized by residential immovable property	17.31%	0.79%	—	—	—						17.31%	0.79%	—	—	—	12.94%
12 of which building renovation loans	—	—	—	—	—						—	-	—	—	—	—
13 of which motor vehicle loans	4.90%	0.05%	—	0.04%	—						4.90%	0.05%	—	0.04%	—	3.67%
14 Local government financing	—	—	—	—	—						—	—	—	—	—	0.01%
15 Housing financing	—	—	—	—	—						—	—	—	—	—	—
16 Other local governments financing	—	—	—	—	—	—	-	—	—	—	—	—	—	—	—	0.01%
17 Collateral obtained by taking possession: residential and commercial immovable properties	0.07%	—	—	—	—						0.07%	—	—	—	—	0.05%

Template 8: GAR (%) (2/2)

% (compared to total covered assets in the denominator)	q	r	s	t	u	v	w	x	y	z	aa	ab	ac	ad	ae	af
	12/31/2023: KPIs on flows															
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					Proportion of total assets covered
	Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					
		Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
			Of which specialized lending	Of which adaptation	Of which enabling			Of which specialized lending	Of which adaptation	Of which enabling			Of which specialized lending	Of which transitional/ adaptation	Of which enabling	
1 GAR	**17.32%**	**0.86%**	**—**	**0.02%**	**0.09%**	**0.00%**	**0.00%**	**—**	**—**	**0.00%**	**18.83%**	**0.87%**	**—**	**0.02%**	**0.09%**	**22.21%**
2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	17.31%	0.86%	—	0.02%	0.09%	0.00%	0.00%	—	—	0.00%	18.82%	0.87%	—	0.02%	0.09%	22.21%
3 Financial corporations	—	—	—	—	—	—	—	—	—	—	0.71%	0.00%	—	—	0.00%	4.91%
4 Credit institutions	—	—	—	—	—	—	—	—	—	—	0.50%	—	—	—	—	1.88%
5 Other financial corporations	—	—	—	—	—	—	—	—	—	—	0.21%	0.00%	—	—	0.00%	3.03%
6 of which investment firms	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7 of which management companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8 of which insurance undertakings	—	—	—	—	—	—	—	—	—	—	0.00%	—	—	—	—	—
9 Non-financial corporations subject to NFRD disclosure obligations	0.06%	0.12%	—	0.01%	0.08%	0.00%	0.00%	—	—	—	0.87%	0.12%	—	0.01%	0.08%	1.29%
10 Households	17.25%	0.74%	—	0.01%	—						17.25%	0.74%		0.01%	—	16.00%
11 of which loans collateralized by residential immovable property	16.36%	0.73%	—	—	—						16.36%	0.73%	—	—	—	12.23%
12 of which building renovation loans	—	—	—	—	—						—	—	—	—	—	—
13 of which motor vehicle loans	0.89%	0.01%	—	0.01%	—						0.89%	0.01%	—	0.01%	—	0.67%
14 Local government financing	—	—	—	—	—						—	—	—	—	—	0.00%
15 Housing financing	—	—	—	—	—						—	—	—	—	—	
16 Other local governments financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0,00%
17 Collateral obtained by taking possession: residential and commercial immovable properties	0.01%	—	—	—	—						0.01%	—	—	—	—	0.00%

Template 10 – Other climate change mitigation actions not contemplated in the EU Taxonomy

Template 10 requires companies to disclose their exposures to counterparties in support of their transition process and adaptation to Climate Change Mitigation (CCM) and Climate Change Adaptation (CCA) objectives, which, however, are not considered to be sustainable in view of the EU Taxonomy (i.e. are not Taxonomy-aligned).

Given that the reporting on Taxonomy-aligned assets has been included in this disclosure, in line with the phase-in period provided for by the regulations, the Template shows only the mitigation actions excluded from calculation of the Green Asset Ratio. Reference is made to Template 7 in this document for further details on the methodologies used by the Group to identify Taxonomy-aligned exposures.

The scope of the exposures considered includes green and sustainable-linked loans worth a total amount of approx. €1.2bn (equal to approx. 1.6% of the banking book exposures). The entire scope is made up as follows:

- Sustainable-linked loans, the terms of which vary based on the performance of certain climate KPIs (e.g. energy efficiency and emissions reductions), worth approx. €876m;
- Green mortgages to acquire properties in energy class A or B for which it has not been possible to check the technical criteria and DNSH required by the Climate Delegated Act, worth approx. €271m;
- Loans to acquire hybrid and electric vehicles, worth approx. €61m;
- Loans to instal photovoltaic panels, worth approx. €24m.

The methodology adopted to identify risks is based on analysis of the KPIs provided for in the sustainable-linked loan contracts, and on analysis of the assets financed for the other green loans.

The analysis has shown that all the exposures provide incentives, directly or indirectly, for the counterparty to adopt a positive attitude towards:

- Reducing the physical risks attributable to climate change;
- Alignment with the transition towards a more sustainable economy from a climate-related perspective.

More specifically, the in-scope exposures provide incentives for more efficient water and energy consumption, which generates a reduction in the GHG emissions produced by the counterparties.

Template 10 – Other climate change mitigation actions not contemplated in the EU Taxonomy

a	b	c	d	e	f
Type of financial instrument	Type of counterparty	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
Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	—	—	—	
	Non-financial corporations	—	—	—	
	Of which Loans collateralized by commercial immovable property	—	—	—	
	Other counterparties	—	—	—	
Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	50,608	Yes	Yes	The amount refers to Sustainable-linked loans and vehicle loans.
	Non-financial corporations	861,135	Yes	Yes	The amount refers to sustainable-linked loans, loans for vehicles and loans for the installation of photovoltaic systems.
	Of which Loans collateralized by commercial immovable property	4,960	Yes	Yes	The amount refers to loans for the installation of photovoltaic systems.
	Households	322,973	Yes	Yes	The amount refers to loans for vehicles, loans for the installation of photovoltaic systems and green mortgages for residential properties.
	Of which Loans collateralized by residential immovable property	271,625	Yes	Yes	The amount refers to green mortgages.
	Of which building renovation loans	—	—	—	
	Other counterparties	—	—	—	

Section 9 – Encumbered assets

Qualitative information

An asset is defined as "encumbered" if it is ceded as collateral, or is used, on whatever grounds, to cover or hedge a credit received and therefore cannot be freely used. Any amount in excess of the credit received is not considered to be encumbered (technically this is known as over-collateralization).

The Asset Encumbrance Ratio at Group level is the ratio between: the share of committed assets recorded on the balance sheet added to the share of collaterals received and reused (numerator), and the total assets recorded on the balance sheet (encumbered and unencumbered) added to the collaterals received (encumbered and unencumbered) (denominator).

The objective of the Asset Encumbrance Ratio is twofold: to provide the public and creditors with information on those of the Bank's assets that are encumbered and therefore unavailable; and to provide helpful guidance in the institution's financing strategy and its future capacity to raise funds at reasonable prices through secured funding.

Conversely, and more generally, the ratio also provides a synthetic indicator of the state of health of the unsecured market.

Appropriately analysed, and if accompanied by information on the duration of the encumbrance, the ratio can also provide useful indications regarding refinancing risk (in technical terms, rollover risk), liquidity risk and operational risk.

Template EU AE1 – Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of encumbered assets		Fair value of encumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	**28,532,095**	**4,658,191**			**64,173,948**	**3,317,527**		
030	Equity instruments	402,299	64,929	402,299	64,929	1,862,227	87,139	1,851,066	87,139
040	Debt securities	10,447,653	4,538,386	10,370,635	4,470,230	5,736,170	3,227,880	5,155,375	3,249,590
050	of which: covered bonds	—	—	—	—	67,748	62,480	67,748	62,480
060	of which: asset-backed securities	410,028	—	405,519	—	575,746	—	572,844	—
070	of which: issued by general governments	8,139,991	4,538,386	8,061,336	4,470,230	3,705,985	3,119,802	3,195,773	3,141,389
080	of which: issued by financial corporations	2,123,269	—	2,117,945	—	1,687,342	102,905	1,619,171	102,937
090	of which: issued by non-financial corporations	190,059	—	189,623	—	300,289	5,255	296,964	5,265
120	Other assets	18,676,375	—			55,818,232	2,565		

Template EU AE2 – Collateral received and own debt securities issued

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		Of which EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the disclosing institution**	**5,445,616**	**1,931,505**	**663,872**	**176,935**
140	Loans on demand	—	—	—	—
150	Equity instruments	205,837	27,197	233,339	5,910
160	Debt securities	5,124,533	1,853,291	447,954	167,747
170	of which: covered bonds	—	—	—	—
180	of which: asset-backed securities	32,635	—	255,207	—
190	of which: issued by general governments	4,494,906	1,853,291	194,292	167,329
200	of which: issued by financial corporations	637,479	—	263,198	—
210	of which: issued by non-financial corporations	671	—	386	—
220	Loans and advances other than loans on demand	—	—	—	—
230	Other collateral received	—	—	—	—
240	**Own debt securities issued other than own covered bonds or asset-backed securities**	**—**	**—**	**136,286**	**—**
241	**Own covered bonds and securitization issued and not yet pledged**			**—**	**—**
250	**Total collateral received and own debt securities issued**	**34,329,582**	**6,161,824**		

Template EU AE3: Sources of encumbrance

		12/31/2023	
		Matching liabilities, contingent liabilities or securities lent	Matching liabilities, contingent liabilities or securities lent
		010	030
010	**Carrying amount of selected financial liabilities**	**27,027,806**	**31,483,948**

The Group's Asset Encumbrance Ratio as at 31 December 2023 stood at 32.99%, lower than the figure at end-June 2023 (33.30%) and much lower than at end-December 2022 (37.18%).

It should be noted that as this is a point-in-time ratio with no time structure – short-term activity (never more than three months and typically less than two) represents approx. 2.75 of the 32.99 total percentage points; this short-term activity is carried out back-to-back by Group Treasury in order to optimize the Bank's use of its financial resources, and can be closed very swiftly and in any market conditions.

The Group's main encumbered assets – on-balance-sheet – are as follows (in order of importance by encumbered amount and duration of the encumbrance):

- Balance-sheet assets, whether corporate loans, leasing, factoring, residential mortgages or consumer credit used as collateral in operations with the European Central Bank;
- Specific balance-sheet assets - mortgages – used for covered bonds;
- Specific balance-sheet assets – consumer credit receivables – used for securitizations; or ABS placed on the market, or alternatively, if retained (the majority), also used in funding transactions with the European Central Bank;
- Balance-sheet assets, whether loans or securities, used as collateral in funding transactions, including through investment vehicles;
- Default funds and initial margins paid to CCPs in respect of trading in derivative instruments, and margins of change versus CCPs and market counterparties;
- Balance-sheet assets – typically securities – used in repos or reverse repos i which the Bank is acting as lender;
- Balance-sheet assets, whether loans or securities used in transactions of various kinds.

The level of encumbrance is in line with the Group's expectations and financing strategies.

Section 10 – Counterparty risk

Qualitative information

Wrong-way risk management methodology

For derivatives in which there is a significant unfavourable correlation between underlying instrument and counterparty, rather than the standard potential future market value calculation, a percentage of the notional amount is assigned to the transaction (up to 100% in the event of full correlation). Similarly, for repo or collateralized securities lending transactions in which there is a significant unfavourable correlation between underlying instrument and counterparty, a specific and more prudent counterparty risk calculation methodology is adopted which relates the counterparty's default to that of the collateral's issuer.

For transactions with wrong-way risk, a deep-dive analysis is performed in order to conservatively calculate the managerial exposure. The analysis is focused on the correlation between the derivative counterparty and the asset underlying the transaction or the correlation between a collateralized financing transaction (repo or securities lending) and the collateral received.

As at the reference date, the Group's portfolio did not contain any transactions featuring wrong-way risk.

Valuation adjustment (CVA-DVA)

For operations in derivatives, as provided by IFRS 13, the fair value incorporates the effects of the counterparty's credit risk and Mediobanca's proprietary credit risk, through the CVA and DVA components. The CVA is the fair value of the possible expected losses deriving from the exposure to the counterparty, and is based on Mediobanca's positive exposure to the counterparty concerned. Conversely, the DVA is determined on the basis of the Mediobanca's expected negative exposure to the counterparty, and represents the Bank's benefit (equal to the cost of replacing the derivative) in the event of its defaulting earlier than the counterparty. Both adjustments are calculated with reference to the future exposure profile of the aggregate of such contracts outstanding between the two counterparties, generated through simulations of the relevant risk factors, and taking into consideration any risk mitigation agreements as well as the level of both the Bank's own and the counterparty's credit risk. The fair value also reflects two further effects: the effect of the funding value adjustment related to the costs of financing the future exposure profiles of the derivatives and the cost of liquidity and the adjustment to the credit curves related to the Market Price Uncertainty (MPU) and Close-Out Costs (COC) parameters.

Mediobanca downgrade effects

The amount of collateral which Mediobanca would have to provide if its credit rating is downgraded is analysed on the basis of a scenario in which the rating is downgraded by two notches.

As for Credit Support Annexes to ISDA Master Agreements, there are three CSA containing provisions which could force Mediobanca to provide further collateral valued at €22.4m (data as at 31 December 2023).

With regards to four ISDA contracts (two of which with exposures of zero), provision has been made for the contracts to be closed following events in which Mediobanca's rating is downgraded (Additional Termination Event, or ATE). For two contracts with exposure other than zero (one with ATE below BB- and the other with ATE below BBB-), the impact is confined to the costs of replacing the contract, which may be debited if the counterparty exercise their termination right, which is highly unlikely.

10.1 Counterparty risk – standardized method

Qualitative information

For regulatory purposes, in order to determine the capital requirements for counterparty risk, the Group applies:

— The Standardized Approach for Counterparty Credit Risk, method for financial and credit derivative instruments and for trades with long-term settlements, with application of regulatory netting; in particular, the Exposure At Default (EAD) for counterparty risk and CVA for positions in derivatives (Part 3, Title VI of the CRR) is calculated by the rules introduced by Articles 271ff of CRR II (SA CCR – Standardized Approach for Counterparty Credit Risk); the exemption from the requirement to calculate capital for the Credit Value Adjustment (CVA) for exposures to corporate counterparties has also been applied, as permitted by Article 382 of CRR II; and the Standardized Formula method for calculating the capital requirement for credit value adjustments considering all counterparties whether or not a CSA is in place;

— The "integral" method for SFT trades with regulatory adjustments for volatility; such trades consist of repos, securities and/or commodities lending transactions and loans linked with securities.

10.2 Counterparty risk – management methodology

For management purposes, risk monitoring for derivatives and short-term collateralized loan products (repos and securities lending transactions) is based on determining the maximum potential exposure (given a 95% confidence level) at different points over a time horizon of up to 30 years. The scope of application regards all groups of counterparties that have relations with Mediobanca, having regard to whether or not netting agreements (e.g. ISDA, GMSLA or GMRA) or collateralization agreements (such as CSA) are in place. The same also applies to exposures deriving from interbank operations. For these three types of exposures, agreed lines are opened for each counterparty and/or group subject to internal analysis and approval by the Credit and Market Committee.

Quantitative information

Template EU CCR1 – Analysis of CCR exposure by approach

		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)	—	133		1.4	186	186	186	186
EU-2	EU - Simplified SA-CCR (for derivatives)	—	—		1.4	—	—	—	—
1	SA-CCR (for derivatives)	579,704	571,790		1.4	1,975,927	1,759,772	1,647,568	664,040
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)					7,744,546	3,793,815	3,793,703	902,127
5	VaR for SFTs					—	—	—	—
6	**Total as at 12/31/2023**					**9,720,659**	**5,553,774**	**5,441,457**	**1,566,354**
	Total as at 06/30/2023					**10,064,843**	**5,096,617**	**4,921,822**	**1,312,081**

Template EU CCR2 – CVA capital charge

		12/31/2023		06/30/2023	
		a	b	a	b
		Exposure value	RWAs	Exposure value	RWAs
1	**Total portfolios subject to the advanced method**	—	—	—	—
2	(i) VaR component (including the 3× multiplier)		—		—
3	(ii) SVaR component (including the 3× multiplier)		—		—
4	**All portfolios subject to the standardized method**	1,263,019	426,610	1,235,127	400,347
EU-4	Based on the original exposure method	—	—	—	—
5	**Total subject to the CVA capital charge**	**1,263,019**	**426,610**	**1,235,127**	**400,347**

Template EU CCR3 – Standardized approach – CCR exposures by regulatory portfolio and risk (1/2)

	Exposure classes	Classes of credit worthiness (Weighting Factors)					
		a	b	c	d	e	f
		0%	2%	4%	10%	20%	50%
1	Central governments or central banks	—	—	—	—	—	—
2	Regional governments or local authorities	—	—	—	—	—	—
3	Public sector entities	—	—	—	—	—	—
4	Multilateral development banks	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	—	52,462	—	—	3,665,208	98,364
7	Corporates	—	—	—	—	745,752	372,141
8	Retail	—	—	—	—	—	—
9	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
10	Other items	—	—	—	—	—	—
11	**Total as at 12/31/2023**	**—**	**52,462**	**—**	**—**	**4,410,959**	**470,506**
	Total as at 06/30/2023	**—**	**81,469**	**—**	**—**	**4,188,845**	**281,923**

Template EU CCR3 – Standardized approach – CCR exposures by regulatory portfolio and risk (2/2)

	Exposure classes	Classes of credit worthiness (Weighting Factors)					
		g	h	i	j	k	l
		70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	—	—	—	—	—	—
2	Regional governments or local authorities	—	—	—	—	—	—
3	Public sector entities	—	—	56	—	—	56
4	Multilateral development banks	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	—	—	646	—	—	3,816,680
7	Corporates	—	—	257,609	—	—	1,375,502
8	Retail	—	117	—	—	—	117
9	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
10	Other items	—	—	—	—	—	—
11	**Total as at 12/31/2023**	**—**	**117**	**258,311**	**—**	**—**	**5,192,354**
	Total as at 06/30/2023	**—**	**33**	**141,149**	**—**	**—**	**4,693,419**

Template EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale as at 31 December 2023

As at 31 December 2023, Mediobanca uses the AIRB approach in counterparty risk only for the large corporate segment, in the "Exposures to corporates – Others" category, as in the Retail segment there are not exposures subject to CCR in connection with application of the AIRB models. RWAs associated with counterparty risk amount to approx. 2.2% of the total RWAs for this regulatory segment.

		a	b	c	d	e	f	g
Rating Class	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity	RWEA	Density of risk weighted exposure amount
Corporates - Other	0.00 to <0.15	58,205	0.0819 %	11	45.0000 %	2	16,223	27.8731 %
	0.15 to <0.25	36,707	0.1553 %	16	45.1573 %	2	14,901	40.5927 %
	0.25 to <0.50	171,644	0.3962 %	40	45.1730 %	2	112,404	65.4869 %
	0.50 to <0.75	—	—	—	—	—	—	—
	0.75 to <2.50	28,459	0.9375 %	12	48.0622 %	2	28,816	101.2555 %
	2.50 to <10.00	15,752	2.8122 %	3	45.0000 %	2	21,065	133.7310 %
	10.00 to <100.00	—	—	—	—	—	—	—
	100.00 (Default)	—	—	—	—	—	—	—
Total as at 12/31/2023		**310,766**	**0.4809 %**	**82**	**45.3945 %**	**2**	**193,409**	**62.2362 %**
Total as at 06/30/2023		**343,356**	**0.6582 %**	**90**	**41.3902 %**	**2**	**198,873**	**57.9204 %**

Template EU CCR5 – Composition of collateral for CCR exposures (1/2)

	Collateral type	a	b	c	d
		Collateral used in derivative transactions			
		Fair value of collateral received		Fair value of collateral received	
		Segregated	Segregated	Segregated	Segregated
1	Cash – domestic currency	—	157,345	49,888	1,133,770
2	Cash – other currencies	—	49,627	6	109,532
3	Domestic sovereign debt	2,842	—	56,684	210,682
4	Other sovereign debt	6,916	429	202,485	—
5	Government agency debt	—	—	—	—
6	Corporate bonds	9,229	—	—	—
7	Equity securities	—	—	—	—
8	Other collateral	—	—	—	—
9	**Total as at 12/31/2023**	**18,987**	**207,401**	**309,063**	**1,453,984**
	Total as at 06/30/2023	**76,910**	**527,014**	**193,606**	**1,319,657**

Template EU CCR5 – Composition of collateral for CCR exposures (2/2)

	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	—	—	—	—
2	Cash – other currencies	—	—	—	—
3	Domestic sovereign debt	—	452,578	—	1,467,439
4	Other sovereign debt	—	—	—	—
5	Government agency debt	—	—	—	—
6	Corporate bonds	—	—	—	2,550,726
7	Equity securities	—	258,223	—	445,255
8	Other collateral	—	—	—	3,437,568
9	**Total as at 12/31/2023**	**—**	**710,801**	**—**	**7,900,987**
	Total as at 06/30/2023	**—**	**892,954**	**—**	**6,972,293**

Template EU CCR6 – Credit derivatives exposures

		12/31/2023		06/30/2023	
		a	b	a	b
		Protection bought	Protection sold	Protection bought	Protection sold
NOTIONALS					
1	Single-name credit default swap	727,787	2,208,932	849,398	2,205,940
2	Index credit default swap	17,359,314	3,796,465	19,649,402	4,038,671
3	Total return swap	—	—	—	—
4	Credit option	—	—	—	—
5	Other credit derivatives	2,379,715	42,051	3,991,060	24,660
6	**Total notionals**	**20,466,815**	**6,047,448**	**24,489,861**	**6,269,271**
FAIR VALUE					
7	Positive fair value (asset)	4,980	142,432	39,612	70,895
8	Negative fair value (liability)	(371,897)	(28,142)	(292,794)	(23,997)

Template EU CCR7 – RWEA flow statements of CCR exposures under the IMM

The Mediobanca Group has nothing to report for Template EU CCR7.

Template EU CCR8 – Exposures to CCPs

		12/31/2023		06/30/2023	
		a	b	a	b
		Exposure value	RWEA	Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**4,167**		**11,340**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	52,614	1,080	114,953	8,326
3	(i) OTC derivatives	45,222	932	101,577	5,664
4	(ii) Exchange-traded derivatives	—	—	—	—
5	(iii) SFTs	7,392	148	13,377	2,662
6	(iv) Netting sets where cross-product netting has been approved	—	—	—	—
7	Segregated initial margin	172,354		162,902	
8	Non-segregated initial margin	—	—	—	—
9	Prefunded default fund contributions	109,281	3,087	119,673	3,014
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	—	—	—	—

Section 11 – Risk mitigation techniques

Qualitative information

This section describes the specific Credit Risk Mitigation (CRM) techniques implemented by the Group in order to maximize the effect of mitigation on real and financial collateral, and to obtain a positive impact on the Group's capital requirements as required by the regulations in force.

In the conduct of its business, the Group receives collateral in keeping with the nature of banking activity, mainly consisting of:

- Mortgage guarantees – the initial value of the property at the disbursement stage is based on a valuation made by independent experts. In order to ensure that the value of the collateral thus acquired is in line with the value of the underlying asset, a specific procedure has been drawn up which involves the fair value of the property being calculated and monitored on a regular basis based on market data supplied by an external information provider;
- Financial guarantees – the majority of the financial guarantees eligible for credit risk mitigation are established in respect of cash and repo transactions; they are valued on the basis of their real value, defined as the market value for financial instruments listed on a regulated market, or on the presumed realization value in other cases. Prudential margins are then applied to the value thus determined, which vary depending on the financial instruments used as the collateral in accordance with the provisions of the regulatory requirements in force;
- Personal guarantees – unlike in the previous two cases, these do not involve property but third parties who guarantee and assume liability for the obligation in the event of non-performance by the main borrower.[50]

The Group does not net credit risk exposures for on- or off-balance-sheet transactions. Instead, risk reduction policies are adopted by entering into netting agreements and collateral agreements, for derivatives, repurchase agreements and for positions held in securities lending transactions.

With respect to derivatives, the Group has also drawn up counterparty risk reduction policies, by entering into ISDA and Credit Support Annex agreements with institutional counterparties, in accordance with regulations in force. As for securities lending transactions, repos and repurchasing repos, the Group has implemented counterparty risk reduction policies by executing GMSLA and GMRA (for repos and repurchasing reports) netting agreements which provide for collateralization agreements, in some cases in the form of tri-party repos.

[50] The impact of such guarantees is not included in Template EU CR3, as they entail a displacement of the risk to the guarantor rather than a reduction in the exposure itself.

MEDIOBANCA

With reference to personal guarantees, it should be noted that, as stated in Section 1.2, starting from 1H 2023-24, the Group has launched insurance coverage for part of the corporate standard factoring portfolio, with a benefit in terms of an approx. €500m reduction in RWAs, corresponding to approx. 15 bps in terms of CET1 ratio.

The template below shows the exposures split between unsecured and secured, with the latter distinguished by type of security (collateral or financial guarantee, with evidence of the portion of the latter secured by credit derivatives)[51].

Template EU CR3 - CRM Techniques – Overview

		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	a	b	a
1	Loans and advances	36,963,424	27,150,677	25,804,167	1,346,510	—
2	Debt securities	10,157,786	412,214	—	412,214	
3	**Total as at 12/31/2023**	**47,121,210**	**27,562,891**	**25,804,167**	**1,758,724**	**—**
4	*of which non-performing exposures*	*277,962*	*122,884*	*110,007*	*12,877*	—
EU-5	*of which defaulted*	*277,962*	*122,884*			

** Column shows the gross book value in accordance with DPM 3.0.*
*** Finrep definition referring to personal guarantees*

As at 31 December 2023, 41% of the total collateral received (equal to approx. €6bn) was in the form of securities and cash, against securities financing transactions booked under real financial guarantees; as at 30 June 2023 the ratio was 43% (€5bn).

[51] The Group uses leading market counterparties in order to hedge exposures with credit derivatives.

Section 12 – Securitizations

The Group acts primarily as investor in third-party issues, in particular as sponsor in some securitizations, which results in a share of the securities being held for retention purposes (Belvedere SPV S.r.l. and Cartesian Residential Mortgages Blue S.A.); the deal originated last year in which the Group acted as co-arranger (Merlin) is still outstanding, and the entire senior tranche with state backing under the NPL securitization guarantee scheme promoted by the Italian Ministry for the Economy and Finance remains on the Group's books. The Risk Management unit and front office teams perform ongoing monitoring of reporting flows on the underlying portfolio based on the available up-to-date reporting.

In order to determine the risk-weight assets for this risk, the Group refers to Regulation (EU) No. 2401/2017 and Regulation (EU) No. 2402/2017. These sources amend the previous regulatory framework, by revising the approaches to be used in order to calculate the capital requirements, introduce definitions of simple, transparent and standardized securitizations (STS) that are subject to preferential treatment, with re-securitized positions strongly penalized to limit the use of them, and preserve the level of transparency and simplicity.

In the new hierarchy of approaches the first option is application of the SEC-IRBA methodology (not used by the Mediobanca Group), followed by the SEC-ERBA model (applicable if an external rating is not available). Where it is impossible to implement either the SEC-IRBA or the SEC-ERBA approach, the Bank has to use the SEC-SA approach, based on a standard regulatory formula.

Qualitative information

The Group has portfolio of securities deriving from securitizations by other issuers totalling €946.4m (30/6/23: €1,053.0m), €702.4m of which held in the banking book and €244.0m in the trading book (versus €788.8m and €264.3m respectively).

Reference is made to Part E, point C of the Notes to the Accounts in the Interim Report for the six months ended 31 December 2023 for further information.

In order to calculate the risk-weighted assets for this risk, as at 31 December 2023, the SEC-SA methodology is used for 44% of the portfolio of securities deriving from third-party securitizations held on the banking book (58% at end-June 2023), and the SEC-ERBA methodology for the other 56% (42% at end-June 2023). The SEC-ERBA approach is used for 52% of the trading book positions (75% at end-June 2023), while for the other 48% (25% at end-June 2023) the SEC-SA approach is used.

Quantitative information

Template EU-SEC1 – Securitization exposures in the non-trading book

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		STS			of which SRT		STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT											
1	**Total exposures**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**4,359**	**7,746**	**—**	**12,106**	**—**	**292,282**	**—**	**292,282**
2	Retail (total)	—	—	—	—	—	—	—	4,359	1,446	—	5,806	—	29,630	—	29,630
3	residential mortgage	—	—	—	—	—	—	—	4,359	1,446	—	5,806	—	—	—	—
4	credit card	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	other retail exposures	—	—	—	—	—	—	—	—	—	—	—	—	29,630	—	29,630
6	re-securitization	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	Wholesale (total)	—	—	—	—	—	—	—	-	6,300	—	6,300	—	262,652	—	262,652
8	loans to corporates	—	—	—	—	—	—	—	—	—	—	—	—	262,652	—	262,652
9	commercial mortgage	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	lease and receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	other wholesale	—	—	—	—	—	—	—	—	6,300	—	6,300	—	—	—	—
12	re-securitization	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Template EU-SEC2 – Securitization exposures in the trading book

		a	b	c	d	e	f	g	h	i	j	k	l
		Institution acts as Originator				Institution acts as Sponsor				Institution acts as Investor			
		Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS	Non-STS			STS	Non-STS			STS	Non-STS		
1	**Total exposures**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**10,337**	**73,433**	**—**	**83,770**
2	Retail (total)	—	—	—	—	—	—	—	—	10,337	21,622	—	31,959
3	residential mortgage	—	—	—	—	—	—	—	—	—	—	—	—
4	credit card	—	—	—	—	—	—	—	—	—	—	—	—
5	other retail exposures	—	—	—	—	—	—	—	—	10,337	21,622	—	31,959
6	re-securitization	—	—	—	—	—	—	—	—	—	—	—	—
7	Wholesale (total)	—	—	—	—	—	—	—	—	—	51,811	—	51,811
8	loans to corporates	—	—	—	—	—	—	—	—	—	51,811	—	51,811
9	commercial mortgage	—	—	—	—	—	—	—	—	—	—	—	—
10	lease and receivables	—	—	—	—	—	—	—	—	—	—	—	—
11	other wholesale	—	—	—	—	—	—	—	—	—	—	—	—
12	re-securitization	—	—	—	—	—	—	—	—	—	—	—	—

Template EU-SEC3 – Securitization exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor (1/2)

		a	b	c	d	e	f	g	h	i
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
		RW ≤20%	RW >20% to 50%	RW >50% to 100%	RW >100% to <1250%	RW 1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	RW 1250%/ deductions
1	**Total exposures**	**4,582**	**—**	**—**	**7,372**	**152**	**—**	**11,432**	**674**	**—**
2	Traditional transactions	4,582	—	—	7,372	152	—	11,432	674	—
3	Securitization	4,582	—	—	7,372	152	—	11,432	674	—
4	Retail underlying	4,582	—	—	1,072	152	—	5,131	674	—
5	*of which STS*	4,359	—	—	—	—	—	4,359	—	—
6	Wholesale	—	—	—	6,300	—	—	6,300	—	—
7	*of which STS*	—	—	—	—	—	—	—	—	—
8	Re-securitization	—	—	—	—	—	—	—	—	—
9	Synthetic transactions	—	—	—	—	—	—	—	—	—
10	Securitization	—	—	—	—	—	—	—	—	—
11	Retail underlying	—	—	—	—	—	—	—	—	—
12	Wholesale	—	—	—	—	—	—	—	—	—
13	Re-securitization	—	—	—	—	—	—	—	—	—

Template EU-SEC3 – Securitization exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor (2/2)

		j	k	l	m	n	o	EU-p	EU-q
		RWEA (by regulatory approach)				Capital charge after cap			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	RW 1250%	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	RW 1250%
1	**Total exposures**	**—**	**23,038**	**5,055**	**—**	**—**	**1,843**	**404**	**—**
2	Traditional transactions	—	23,038	5,055	—	—	1,843	404	—
3	Securitization	—	23,038	5,055	—	—	1,843	404	—
4	Retail underlying	—	1,617	5,055	—	—	129	404	—
5	*of which STS*	—	436	—	—	—	35	—	—
6	Wholesale	—	21,421	—	—	—	1,714	—	—
7	*of which STS*	—	—	—	—	—	—	—	—
8	Re-securitization	—	—	—	—	—	—	—	—
9	Synthetic transactions	—	—	—	—	—	—	—	—
10	Securitization	—	—	—	—	—	—	—	—
11	Retail underlying	—	—	—	—	—	—	—	—
12	Wholesale	—	—	—	—	—	—	—	—
13	Re-securitization	—	—	—	—	—	—	—	—

Template EU-SEC4 – Securitization exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor (1/2)

		a	b	c	d	e	f	g	h	i
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)			
		RW ≤20%	RW >20% to 50%	RW >50% to 100%	RW >100% to <1250%	RW 1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	RW 1250%/ deductions
1	**Total exposures**	**157,324**	**132,430**	**—**	**2,528**	**—**	**—**	**155,653**	**136,629**	**—**
2	Traditional transactions	157,324	132,430	—	2,528	—	—	155,653	136,629	—
3	Securitization	157,324	132,430	—	2,528	—	—	155,653	136,629	—
4	Retail underlying	—	29,630	—	—	—	—	—	29,630	—
5	*of which STS*	—	—	—	—	—	—	—	—	—
6	Wholesale	157,324	102,800	—	2,528	—	—	155,653	106,999	—
7	*of which STS*	—	—	—	—	—	—	—	—	—
8	Re-securitization	—	—	—	—	—	—	—	—	—
9	Synthetic transactions	—	—	—	—	—	—	—	—	—
10	Securitization	—	—	—	—	—	—	—	—	—
11	Retail underlying	—	—	—	—	—	—	—	—	—
12	Wholesale	—	—	—	—	—	—	—	—	—
13	Re-securitization	—	—	—	—	—	—	—	—	—

Template EU-SEC4 – Securitization exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (2/2)

		j	k	l	m	n	o	EU-p	EU-q
		RWEA (by regulatory approach)				Capital charge after cap			
		SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	RW 1250%	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	RW 1250%
1	**Total exposures**	**—**	**33,362**	**36,021**	**—**	**—**	**2,669**	**2,882**	**—**
2	Traditional transactions	—	33,362	36,021	—	—	2,669	2,882	—
3	Securitization	—	33,362	36,021	—	—	2,669	2,882	—
4	Retail underlying	—	—	10,711	—	—	—	857	—
5	*of which STS*	—	—	—	—	—	—	—	—
6	Wholesale	—	33,362	25,309	—	—	2,669	2,025	—
7	*of which STS*	—	—	—	—	—	—	—	—
8	Re-securitization	—	—	—	—	—	—	—	—
9	Synthetic transactions	—	—	—	—	—	—	—	—
10	Securitization	—	—	—	—	—	—	—	—
11	Retail underlying	—	—	—	—	—	—	—	—
12	Wholesale	—	—	—	—	—	—	—	—
13	Re-securitization	—	—	—	—	—	—	—	—

Section 13 – Exposures to equities: information on banking book positions

Qualitative information

Investing in equities has traditionally been an integral part of the Bank's mission, as provided in its Articles of Association. Such activity has been considerably reduced in recent years, but is still distinguished by the Bank's selective approach to investing based on the principle of long-term profitability and risk minimization.

Mediobanca traditionally invests in companies that are leaders in their respective sectors and which are able, by leveraging on their competitive advantages, to offer significant potential for value creation over the medium/long term.

Equity investment portfolio management includes the stake held by the Group in Assicurazioni Generali. The Bank's own Articles of Association include specific provisions on changes in this stake and decisions regarding appointments to the investee company's governing bodies (cf. Article 18).

The portfolio of investments in non-financial companies consists of minority positions taken in listed and unlisted companies, and in any case can be unwound in the short term, including investments made through club deals as part of The Equity Club initiative. The geographical areas in which the Bank has invested show a clear majority of Italian companies, with which Mediobanca has been able to develop significant relations over time. On a much more minor scale but still in line with the mission referred to above, Mediobanca also operates in merchant banking, making investments in a limited number of medium-sized and small businesses to help grow the company and then sell the investment afterwards, including through the investee company being listed on the stock market.

Over a medium-term perspective, the Bank's strategy for its exposure to equity, in view *inter alia* of the market conditions, is geared towards progressively valorizing its investments, without prejudice to the requisites in terms of the Bank's profitability and risk profile approved by the Board of Directors in the Risk Appetite Framework.

In accordance with this strategy, the trading limits are set at an aggregate level in terms of overall exposure to the portfolio of holdings in non-financial companies, and by individual investment (in the same portfolio) at levels in terms of regulatory capital that are far lower than the current regulatory limits of 60% and 15%.

The investments in the portfolio managed by the Principal Investing division (i.e. apart from those

in non-financial undertakings and in Assicurazioni Generali) have seen growth in holdings in Undertakings in Collective Investments in Transferable Securities (UCITS) in recent years, and consist mostly of investments in seed capital to funds managed by Group companies (currently Polus and RAM) and investments in private equity and real estate funds.

The investments in seed capital have a twofold purpose:

- To generate a return consistent with their risk profile;
- To contribute to growth in the AUM subscribed to by third-party investors.

The Group has also always selectively invested in closed-end private equity funds, primarily Italian, with tickets in the €10-20m range.

Exposures to equities not accounted for in the trading book are recorded in the financial statements under Equity investments, Equity instruments recognized through other comprehensive income (FVOCI), and as shares in funds recognized at fair value through profit and loss (FVPL) in accordance with IAS 28 and IFRS 9.

For an illustration of the methods used to account for and value the investments, reference is made to Part A of the Notes to the Accounts, containing the accounting policies applied by the Group to the individual items. For a description of the means by which the impairment testing is carried out on the investments, see Part B of the Notes to the Accounts. For the valuation methods used to determine fair value, please see the section of this document on market risks.

Quantitative information

Table 13.1 – Banking book: cash exposures in equities and UCITS

The table below shows the exposures to equity instruments by the books in which they are accounted for, with an indication, for the equity instruments, of the gains and losses deriving from measuring them at fair value as at the various reporting dates. These are recorded in the Statement of other comprehensive income under heading "120. Valuation reserves from equity-accounted investments". In the event of disposal, the gains and losses accumulated on the investments are stated under heading "150. Reserves". Long-term losses of value on equity instruments are not taken through profit and loss, in accordance with the provisions of IFRS 9. Only dividends received are taken through P&L, under heading "70. Dividends and similar income".

With reference to the overall position in the accounts, compared to 30 June 2023, equity

investments increased from €4.4bn to €4.5bn, €3.7bn of which in relation to the investments valued using the equity method (Assicurazioni Generali, Istituto Europeo di Oncologia, CLI holding II, Finanziaria Gruppo Bisazza, HeidiPay and MB SpeedUp, the latter of which was added during the six months), €591.7m in investments in funds, and €255m in equities (including equity-like instruments).

The stock of holdings in funds increased from €562.9m to €591.7m, following net investments of €23.7m and value adjustments of €5.1m; of these holdings, approx. €324.9m regard funds managed by the Group itself (seed capital) and €266.8m holdings in other funds (mostly private equity funds).

Items	Amount as at 12/31/2023				
	Book value		Fair value		*Impairment*
	Level 1	Level 2/3	Level 1	Level 2/3	
A. Equity stakes	3,599,523 *	92,930 **	3,956,054	92,930	—
B. Financial assets recognized at FVTOCI	125,255	129,710	125,255	129,710	—
C. Other financial assets mandatorily at fair value	180,165	411,531	180,165	411,531	—

Items	Amount as at 12/31/2023					
	Realized gain/losses and impairment		Gain/Loss not realized and recorded in Balance Sheet		Gain/Loss not realized included in Tier 1/ Tier 2 capital	
	Gains	Losses	Gains	Losses	Gains	Losses
A. Equity stakes	—	—	X	X	—	—
B. Financial assets recognized at FVTOCI	X	X	10,252	(1,677)	—	—
C. Other financial assets mandatorily at fair value	351.3	(56.7)	X	X	—	—

* Investment in associate company Assicurazioni Generali (the book value of which has increased from €3.5bn to €3.6bn).
** This includes the Group's other investments in associates: IEO (€38.8m), Gruppo Bisazza (€6.9m), CLI Holding II (€38.4m), HeidiPay (€7.1m), and MB SpeedUp (€1.8m).

The comparative data as at 30 June 2023 is as follows:

Items	Amount as at 06/30/2023				
	Book value		Fair value		*Impairment*
	Level 1	Level 2/3	Level 1	Level 2/3	
A. Equity stakes	3,472,192	91,472	3,395,137	91,472	—
B. Financial assets recognized at FVTOCI	116,736	124,263	116,736	124,263	—
C. Other financial assets mandatorily at fair value	155,988	406,923	155,988	406,923	—

Items	Amount as at 06/30/2023					
	Realized gain/losses and impairment		Gain/Loss not realized and recorded in Balance Sheet		Gain/Loss not realized included in Tier 1/ Tier 2 capital	
	Gains	Losses	Gains	Losses	Gains	Losses
A. . Equity stakes	—	—	X	X	—	—
B. Financial assets recognized at FVTOCI	X	X	45,358	(5,350)	—	—
C. Other financial assets mandatorily at fair value	49.6	(30.8)	X	X	—	—

Table 13.2 – Banking book: equity instruments

For purposes of calculating the capital requirements, the equities held as part of the banking book include financial and non-financial investments, to which a weighting factor of 100% is generally applied, as required by Article 133 of the CRR, except for those financial investments which, if they qualify as direct significant investments, are weighted at 250% under Articles 36 and 48 of the CRR (as described in section 2 of this document).

To measure the risk of exposures in Undertakings in Collective Investments in Transferable Securities (UCITS) and to determine the relevant capital requirement, alternative calculation methods are applied, to ensure greater transparency:

- Look-through approach, based on breaking down the investment into the individual underlying components in which the UCITS invests, and applying the respective weighting;
- Mandate-based approach, a method based on the fund's management terms and conditions and the notional exposure in which the UCITS can invest, applying the most penalizing weighting;
- Fall back approach (residual compared to the other two), which involves a weighting of 1,250%, in cases where entities are unable to apply either one or other of the two above methods.

Categories	12/31/2023		06/30/2023	
	Weighted amount		Weighted amount	
	Standard method	IRB method	Standard method	IRB method
Funds exposures	1,677,682	—	1,393,411	—
of which private equity	*396,114*		350,620	
Trading exposures	7,074,855	—	7,636,178	—
Other instruments	170,164	—	165,151	—
Total equity instruments	**8,922,701**	**—**	**9,194,740**	**—**

With reference to the new prudential treatment, 58% of the exposures in the Mediobanca Group's UCITS funds have been treated based on the look-through approach, while the mandate-based approach has been applied to approx. 37% of the exposures in the portfolio; the fall-back approach has been applied to just 5% of the total portfolio.

As for analysis of the underlying instruments to which either of the different approaches provided by the regulations have been applied, against a total balance sheet exposure of €591.7m,[52] the total CoRep exposure is equal to €603.1m:[53] €64.5m have equities as their underlying instrument, €42.1m (7% of the total) have as underlying instruments weighted at 1,250%, and €311m (50% of the portfolio) have as underlying high-risk exposures. The remainder consists of credit exposures, in cash or derivatives (the latter equal to approximately 2% of the total portfolio, confirming the low risk of the leverage effect on exposures in UCITS).

The Group's total holdings in funds includes commitments to other funds for a total of €157m, weighted at 150%.

[52] Does not include the investment in CLI I with a value of €11.2m.
[53] The difference between the total CoRep exposures and the total balance-sheet exposures is due to the leverage effect, which is factored into the calculation when the prudential treatment is applied in order to determine the value of the fund to be weighted.

Section 14 – Interest rate risk on banking book positions

With reference to the Group's banking book positions as at 31 December 2023, in the event of a parallel reduction in the curve ("Parallel Down"), the estimated net interest income would decrease by €122m, in line with the figure as at end-June 2023 (-€142m).

With reference to the analysis of the discounted value of future cash flows on the Group's banking book, the shock that determines the worst change occurs in the event of the interest rate curve flattening ("Flattener").

Such a change would lead to a reduction of €68m, due principally to the impact of Mediobanca (- €19m) and Compass (- €36m). As at end-June 2023 the highest change had been €76m, once again in the "Flattener" scenario.

Table 14.1 – Sensitivity analysis

The above data has been summarized in the following table:

Amounts in €m	Data as at 12/31/2023					
	Limit Scenario	Group	Mediobanca S.p.A.	Mediobanca Premier (ex CheBanca!)	Compass	Others
Sensitivity of interest income margin	*Parallel Down*	(122)	(49)	(24)	(30)	(20)
Sensitivity of Expected Cash Flows present value	*Flattener*	(68)	(19)	2	(36)	(14)

The data as at 30 June 2023 and 31 December 2022 are stated below for comparative purposes:

Amounts in €m	Data as at 06/30/2023					
	Limit Scenario	Group	Mediobanca S.p.A.	Mediobanca Premier (ex CheBanca!)	Compass	Others
Sensitivity of interest income margin	*Parallel Down*	(142)	(66)	(14)	(18)	(44)
Sensitivity of Expected Cash Flows present value	*Flattener*	(76)	(42)	9	(35)	(8)
Amounts in €m	**Data as at 12/31/2022**					
	Limit Scenario	**Group**	**Mediobanca S.p.A.**	**Mediobanca Premier (ex CheBanca!)**	**Compass**	**Others**
Sensitivity of interest income margin	*Parallel Down*	(262)	(198)	(4)	4	(64)
Sensitivity of Expected Cash Flows present value	*Short Down*	(81)	(109)	49	15	(37)

The limit system was revised in July 2023, with a change made to the risk indicator used for net interest income (NII sensitivity/Group Tier 1 capital), and the thresholds for both sensitivities being recalibrated.

At Group level, the values obtained for net interest income sensitivity are lower than the Group RAF limit of 4.5% (net interest income sensitivity/Group Tier 1), while the economic value sensitivity is below the Group RAF limit set of 6% (economic value sensitivity/Tier 1 capital).

The SOT regulatory indicator is now 1.6% (NII sensitivity/Tier 1 capital), far below the regulatory threshold of 5%.

Table EU IRRBB1: Interest rate risk on non-trading assets

	Supervisory shock scenarios	Changes of the economic value of equity		Changes of the net interest income	
		12/31/2023	06/30/2023	12/31/2023	06/30/2023
1	Parallel up	119	20	137	145
2	Parallel down	(31)	35	(122)	(142)
3	Steepener	96	84		
4	Flattener	(68)	(76)		
5	Short rates up	(41)	(76)		
6	Short rates down	51	84		

14.2 Hedges used for accounting purposes

With reference to the requirements of IFRS 9, the standard aims to simplify the accounting treatment by guaranteeing greater alignment between the accounting representation of the hedge and the underlying rationale behind it (risk management). In particular, the new model provides for an extension to the hedge accounting rules with reference to hedging instruments and related eligible risks. The standard provides for the possibility of continuing to use the hedging rules introduced by IAS 39; however, the Group has chosen to use the new criteria introduced for general hedging (opt-in), which has had no material impact.

Fair value hedges are used to neutralize exposure to interest rate risk for specific asset or liability positions, via derivative contracts entered into with leading counterparties with high credit standings (in particular clearing houses with netting arrangements). Both liabilities and assets are fair value-hedged, the former consisting primarily of fixed-rate, zero coupon and structured bond issues (the stable on-sight deposit component being modelled at fixed rate), the latter of fixed-rate mortgage loans granted by Mediobanca Premier and debt securities recognized at FVOCI or amortized cost.

Cash flow hedges are used chiefly as part of certain Group companies' operations, in particular those operating in consumer credit and leasing. In these cases the numerous, generally fixed-rate and relatively small-sized transactions are hedged by floating-rate deposits for large amounts. The hedge is made in order to transform floating-rate deposits into fixed rate positions, correlating the relevant cash flows. Normally the Group uses the derivative to fix the expected cost of deposits over the reference period, to cover floating-rate loans outstanding and future transactions linked to systematic renewals of such loans upon their expiring.

Section 15 – Market risk

Quantitative information

15.1 Market risk with management methodology

Risk control is performed through management metrics on a daily basis, to ensure that the set of operating limits governing the risk appetite establishes by the Bank for the trading book are complied with.

The market scenario in the six months from July to December 2023 was dominated by the movements in the main interest rates. In the early stages there was an increase in the yields on sovereign debt securities, on average up 100 bps at 10Y maturities both in the Eurozone and the United States, caused by the further tightening monetary policy moves implemented by the ECB and the Fed during the summer period. In November, the improving inflation figures drove a reduction in these yields which retreated almost entirely, back to levels only slightly higher than those recorded at end-June 2023. The equity market moved accordingly: in the three months to end-October the leading stock market indexes (Eurostoxx 50 and S&P) posted aggregate losses of up to 7%, made up completely during the following two months, and posting final performances up 5% for the Eurostoxx 50 and up 7% for the S&P. The FTSE MIB outperformed the other indexes due to the banking sector's results, posting an increase at the period-end of 8%.

The Value-at-Risk for the trading book aggregate fluctuated during the first six months of the new financial year, from a low of €3.2m in October to a high of €8.9m in mid-December. The average reading (€6.2m) was 25% lower than the average figure for the previous financial year (€8.4m). After the high, the VaR fell progressively to reach €5.54m at the period end, well below the average figure for the six months.

The risk factors that explain the VaR trend are mainly as follows: (i) yields of Italian Government Bonds and of countries in the core Euro Area; (ii) The contribution of other risk factors, such as share prices or exchange rates, is marginal. With respect to these, the Bank's position is conservative or on average neutral.

The expected shortfall – which measures an additional stress scenario based on the same historical series of VaR readings – showed an average reading that was in line with last year, at €12.2m. With the new financial year, Mediobanca has adopted a new business model for the issuance of certificates with equities as the underlying instrument. Under the framework, the fair value option is used for both the new liabilities and the assets used to hedge the related DVA risk, entailing a gradual reduction in the portfolio of bonds held as part of the trading book.

Table 15.1 – Value at Risk and Expected Shortfall: trading book

Risk factors	H1 2023 - 2024				Fiscal year 2022- 2023
Data in thousands	12/31/2023	Min	Max	Average	Average
Interest rates	4,389	1,373	7,124	4,188	7,071
Credit	1,508	925	2,531	1,591	2,548
Stocks	3,502	1,078	9,026	2,886	3,609
Exchange rates	792	632	1,394	837	904
Inflation	470	32	644	205	365
Volatility	4,004	2,575	6,068	3,947	6,254
Diversification effect (*)	*(9,121)*	*(20,303)*	*(4,930)*	*(7,552)*	*(12,369)*
Total VaR	**5,544**	**3,249**	**8,894**	**6,179**	**8,382**
Expected Shortfall	***12,210***	***6,090***	***22,144***	**12,254**	**12,846**

* Due to the mismatch between risk factors.

Apart from the VaR limit on the trading positions, a more granular system of VaR limits is also in place for the individual desks involved.

Each desk also has limits in terms of sensitivities to movements in the various risk factors which are monitored daily. Compared to the previous year, there was a reduction in the average delta of interest rates in all risk categories, with the exception of the equity vega, where there was an increase which occurred in conjunction with a phase in which the implicit volatilities were at their lowest.

Table 15.2 – Overview of trends in main sensitivities for trading book

Risk factors	H1 2023 - 2024				2022-2023
Data in euro	12/31/2023	Min	Max	Average	Average
Equity delta (+1%)	351,526	(320,561)	1,586,972	569,798	418,680
Equity vega (+1%)	(2,280,908)	(3,404,151)	436,629	(596,713)	757,496
Interest rate delta (+1bp)	242,806	(369,992)	464,568	172,517	218,649
Inflation delta (+1bp)	(59,302)	(59,302)	55,080	1,484	13,079
Exchange rate delta (+1%)*	(44,261)	(379,701)	1,533,009	17,479	142,539
Credit delta (+1bp)	324,529	(298,435)	611,376	291,512	421,632

* Due to the Euro appreciating relative to other currencies.

Template EU MR1 – Market risk (standardized approach)

		12/31/2023	06/30/2023
		a	a
		RWEAs	RWEAs
	Outright products		
1	Interest rate risk (general and specific)	1,255,085	1,561,197
2	Equity risk (general and specific)	201,085	92,441
3	Foreign exchange risk	—	—
4	Commodity risk	—	—
	Options		
5	Simplified approach	—	—
6	Delta-plus approach	375,538	369,961
7	Scenario approach	—	—
8	Securitization (specific risk)	73,545	69,229
9	**Total**	**1,905,253**	**2,092,828**

As at 31 December 2023, market RWAs, calculated according to the standard methodology shown in Section 1.1, totalled €1.9bn, lower than at end-June 2023 (€2.1bn). The reduction is closely linked to the new business model adopted for operations in certificates, which requires this product to be managed and hedged as part of the banking book. Accordingly, as from the start of the financial year, the trading book will decrease in line with the redemption of certificates issued. Conversely, there was an approx. €100m increase in outright equity positions, without, however, a material increase in the gamma and vega risk (which is closely related to trading in options using the Delta+ methodology).

The minor exchange rate risk position remains below the regulatory limit allowed and therefore does not generate any capital requirement.

Template EU MR2-A: Market risk under the Internal Model Approach (IMA)

The Mediobanca Group has nothing to report for Template EU MR2-A.

Template EU MR2-B: RWA flow statements of market risk exposures under the IMA

The Mediobanca Group has nothing to report for Template EU MR2-B.

Template EU MR3: IMA values for trading portfolios

The Mediobanca Group has nothing to report for Template EU MR3.

Template EU MR4: comparison of VaR estimates with gains/losses

The Mediobanca Group has nothing to report for Template EU MR4

15.3 Fair value, independent price verification and prudent value of financial instruments

IFRS 13 §24 defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market counterparties.

For financial instruments quoted on listed markets, fair value is determined based on the official prices recorded on the principal, or the most advantageous, market to which the Group has access; the instruments concerned are said to be marked to market. A market is said to be active if trades in assets and liabilities in it take place with sufficient frequency and sufficient volumes to be able to provide information that can be used to set prices on an ongoing basis.

If there are no active market quotations, or if the market is not functioning regularly, that is, when the market does not have a sufficient and continuous number of transactions, and its cash-letter spreads and volatility are not low enough, valuation models based on market inputs are used. These include in particular inputs such as:

- Valuations of listed instruments with similar characteristics;
- Discounted cash flow calculations
- Option pricing models, values recorded in recent comparable transactions adjusted to factor in the illiquid nature of certain market data, and risks related to specific transactions (e.g. reputational or replacement risk, etc.).

15.3.1 Fair value hierarchy of financial instruments

The assets held by banks must be classified based on their fair value levels. This means that fair values must be ranked on the basis of a hierarchy of levels which reflects the significance of the inputs used in the valuations.

The term "valuation input" (or "input") refers to the market data used to estimate the fair value of instruments. To estimate an instrument's fair value, the Bank uses valuation techniques appropriate to the circumstances and for which sufficient data is available.

Inputs are said to be observable when the information used in the valuation technique is based on market information obtained from sources independent from the Bank (e.g. prices obtainable from quoted markets to which the Bank has access, or broker quotes).

Inputs are said to be non-observable when the information used in the valuation technique reflects the Bank's own judgement, formulated using the best possible information available in such circumstances.

The principles of observability and levelling result in a two-stage process: at the first stage, a level is assigned to all inputs used in the valuation model for the instrument, and at the second, the materiality of the different parameters used to determine the relevance of any non-observable parameters in establishing the fair value is verified. Establishing materiality is the process applied to determine if the non-observable inputs (i.e. Level 2 and 3) are material for the whole measurement of the instrument.

In principle, a financial instrument is ranked as Level 1 if it is quoted on an active market and the price represents its current trading value in normal, effective and regular market transactions. The price must also be available in a regular and timely manner through stock markets, intermediaries, direct and independent trading venues, quotation services or authorized party. In accordance with IFRS 13, the Bank has defined precise methods for determining the fair value of products classified as Level 1.

When a market is not active, the fair value of the instrument being valued is measured by reference to market prices for similar instruments on active markets (the "comparable approach"), or alternatively, if such instruments are not available, through a valuation technique that uses a combination of the market plus non-market information (i.e. observable and non-/observable inputs). All instruments classified as Level 2 must in any case use a predominantly observable input component in calculating fair value. Whereas, if the IPV reveals a high degree of uncertainty in the inputs, the products concerned must be classified as Level 3. The observability of an input parameter regards

not only the availability of quotes for the relevant expiries, but also the type of product involved. Indeed, it is important to note that for certain categories of instruments (e.g. alternative investment funds, private equity funds, or infrastructure funds) a stricter classification is applied, as the underlying instrument is not quoted on the market. However, for some of these funds an illiquidity discount is factored into the NAV in order to bring the valuation closer to the exit price.

Reference is made to Part A of the Notes to the Accounts for the Interim Report as at 31 December 2023 for further details.

15.3.2 Independent Price Verification of financial instruments

Independent Price Verification (IPV) is the process by which market prices and data are verified according to specific accuracy standards defined internally by the Bank. The Group Independent Price Verification Policy and Directive meet the requirements set by Article 105(8) and (2)of Regulation (EU) No. 575/2013, which states that "institutions shall perform independent price verification in addition to daily marking to market or marking to model", and that they "shall establish and maintain systems and controls sufficient to provide prudent and reliable valuation estimates".

Independent Price Verification activity therefore addresses the following needs:

- Defining the control methodologies used to verify market data and prices;
- Defining the control processes, quantitative thresholds and escalation mechanisms, thereby obtaining further verification of the quality of the models and data used in the valuations;
- Keeping management adequately informed in a timely manner.

The activity is focused on analysing the data, to assess whether or not it is consistent with a comparison data source in order to ensure that it reflects the real market conditions. This in turn enables the risk positions of the principal P&L drivers of the Bank and the individual trading desks to be valued correctly. The impact of any changes in the data is incorporated into the P&L reporting process for the portfolio affected by the change, and position's hierarchical level is changed as appropriate.

Reference is made to Part A of the Notes to the Accounts for the Interim Report as at 31 December 2023 for further details.

15.3.3 Prudent value of financial instruments

Positions recognized at fair value, held as part of both the banking and trading books, must be valued with an adequate degree of certainty. To meet this objectives, financial institutions must put processes and checks in place to ensure that the valuation estimates are prudent and reliable.

The prudent value adjustment, defined as the sum of Additional Valuation Adjustments, is deducted directly from Common Equity Tier 1 Capital (CET1).

The process of defining and certifying the positions for which AVAs have to be calculated involves identifying an individual scope (all asset and liability positions recognized at fair value for each bank/legal entity included in the Banking Group) and a consolidated scope (all asset and liability positions recognized at fair value for the Banking Group as a whole).

Regulation (EU) No. 575/2013, Part 2, Title I, Chapter 2, Article 34 requires institutions to apply the regulations provided by Article 105 to all assets recognized at fair value. The combination of these two Articles (Article 34 and Article 105 of Regulation (EU) No. 575/2013) implies that the prudent valuation scope for financial instruments recognized at fair value includes all positions recognized at fair value, regardless of whether they are held as part of the banking or trading book.

In order to meet the regulatory requirements for the CoRep reporting, each indicator is calculated for both the general scope as defined in the specific section, and for the narrower scope of trading instruments only.

Reference is made to Part A of the Notes to the Accounts for the Interim Report as at 31 December 2023 for further details.

Declaration by Head of Company Financial Reporting

As required by Article 154-bis, paragraph 2 of Italian Legislative Decree 58/98 the undersigned hereby declares that the financial information contained in this document corresponds to that contained in the company's documents, account books and ledger entries.

Milan, 21 March 2024

Head of Company Financial Reporting

Emanuele Flappini

Annexes

Annex 1: Lists of the world's top 20 most polluting companies

1) Climate Accountability Institute – CAI PressRelease Dec20 (climateaccountability.org)

	Entity	$MtCO_2e$	% of global 1965 -
1	Saudi Aramco, Saudi Arabia	61,143	4.33%
2	Gazprom, Russia	44,757	3.17%
3	Chevron, USA	43,787	3.10%
4	ExxonMobil, USA	42,484	3.01%
5	National Iranian Oil Co.	36,924	2.62%
6	BP, UK	34,564	2.45%
7	Royal Dutch Shell, The Netherlands	32,498	2.30%
8	Coal India, India	24,341	1.73%
9	Pemex, Mexico	23,025	1.63%
10	PetroChina/China Natl Petroleum	16,515	1.17%
11	Petroleos de Venezuela (PDVSA)	16,029	1.14%
12	Peabody Energy, USA	15,783	1.12%
13	ConocoPhillips, USA	15,422	1.09%
14	Abu Dhabi, United Arab Emirates	14,532	1.03%
15	Kuwait Petroleum, Kuwait	13,923	0.99%
16	Iraq National Oil Co., Iraq	13,162	0.93%
17	Total SA, France	12,755	0.90%
18	Sonatrach, Algeria	12,700	0.90%
19	BHP, Australia	10,068	0.71%
20	Petrobras, Brazil	9,061	0.64%
	Top Twenty	493,473	34.98%
	Global (1965-2018)	1,410,737	100.00%

2) Carbon Majors Database– Carbon-Majors-Report-2017.pdf

Rank	Company	Allocated ownership status[8]	Scope 1+3 emissions 1988-2015, $GtCO_2e$	Of sector emissions 1988-2015	Of global industrial emissions 1988-2015
1	Saudi Arabian Oil Company (Aramco)	State	40,0	8,6%	4,8%
2	Gazprom OAO	Mixed	35,3	7,6%	4,2%
3	National Iranian Oil Co	State	19,4	4,2%	2,3%
4	ExxonMobil Corp	Investor	17,3	3,7%	2,1%
5	Petroleos Mexicanos (Pemex)	State	17,0	3,7%	2,0%
6	Royal Dutch Shell PLC	Investor	15,0	3,2%	1,8%
7	BP PLC	Investor	13,8	3,0%	1,7%
8	China National Petroleum Corp (PetroChina)	State	13,6	2,9%	1,6%
9	Chevron Corp	Investor	11,9	2,6%	1,4%
10	Petroleos de Venezuela SA (PDVSA)	State	10,6	2,3%	1,3%
11	Abu Dhabi National Oil Co	State	10,3	2,2%	1,2%
12	Kuwait Petroleum Corp	State	8,7	1,9%	1,0%
13	Total SA	Investor	8,6	1,9%	1,0%
14	Sonatrach SPA	State	8,4	1,8%	1,0%
15	ConocoPhillips	Investor	8,4	1,8%	1,0%
16	Petroleo Brasileiro SA (Petrobras)	Mixed	7,0	1,5%	0,8%
17	Nigerian National Petroleum Corp	State	6,2	1,3%	0,7%
18	Petroliam Nasional Berhad (Petronas)	State	5,7	1,2%	0,7%
19	Rosneft OAO	Mixed	5,7	1,2%	0,7%
20	Lukoil OAO	Mixed	5,7	1,2%	0,7%
21	Eni SPA	Mixed	5,4	1,2%	0,6%
22	Iraq National Oil Co	State	5,2	1,1%	0,6%
23	Statoil ASA	Mixed	4,8	1,0%	0,6%
24	Qatar Petroleum Corp	State	4,7	1,0%	0,6%
25	PT Pertamina	State	4,6	1,0%	0,6%
-	Other 25 companies	-	50	10,7%	6,0%
-	Total	-	343	74%	41%
-	Of which are State owned	-	227	49%	27%
-	Of which are Investor owned	-	116	25%	14%

GLOSSARY

ABS: Asset Backed Securities

AIRB: Advanced Internal Rating Based

ALM: Asset & Liability Management

ASF: Available Stable Funding

AT1: Additional Tier 1

ATE: Additional Termination Event

AUM: Asset under management – Attivi in gestione

AVA: Additional Valuation Adjustment

BCBS: Basel Committee on Banking Supervision

BIA: Basic Indicator Approach

BRRD: Banking Recovery and Resolution Directive

BTAR: Banking Taxonomy Alignment Ratio

BVPS: Book value per share

CBC: Counterbalance capacity

CCA: Climate Change Adaptation

CCF: Credit Conversion Factor

CCM: Climate Change Mitigation

CCPs: Central Counterparty

CDO: Collateralized debt obligation

CDS: Credit Default Swap

CNFS: the Consolidated Non-Financial Statement

COC: Close-Out Costs

COREP: Common Reporting

CRD IV: Capital Requirements Directive IV

CRM: Credit Risk Mitigation

CRR: Capital Requirement Regulation

CSA: Credit Support Annex

CSR: Corporate Social Responsability

CSRD: Corporate Sustainability Reporting Directive

CVA: Credit Value Adjustment

DNSH: Do No Significant Harm

DVA: Debt Valuation Adjustment

EAD: Exposure At Default

EBA: European Banking Authority

ECAI: External Credit Assessment Institution

EL_{be}: Expected loss on best effort

EP: Energy performance score in kWh/m² of collateral

EPC label: energy performance and energy class certificates

ESG: Environmental, Social, Governance

FRTB: Fundamental Review del Trading Book

FVO: Fair Value Option

FVOCI: Fair Value to Other Comprehensive Income

FVTPL: Fair Value Through Profit and Loss

GAR: Green Asset Ratio

GEI: Gender- Equality Index

GHG: (Greenhouse Gas) Emissions

GMRA: Global Master Repurchase Agreement

GMSLA: Global Master Securities Lending Agreement

G-SIBs: Global Sistematically Important Banks

G-SIIs: Global Sistematically Important Institutions

HTC: hold to collect

HTCS: hold-to-collect-and-sell

HQLAs: High Quality Liquid Assets

ICAAP: Internal Capital Adequacy Assessment Process

IFRS: International Financial Reporting Standards

ILAAP: Internal Liquidity Adequacy Assessment Process

IMI: Internal Model Investigation

IRB: Internal Rating Systems

IRS: Interest Rate Swap

ISDA: International Swaps and Derivatives Association

KPI: Key Performance Indicator

KRI: Key Risk Indicator

LCR: Liquidity Coverage ratio

LGD: Loss Given Default

LLPs: Loan loss provisions

MPU: Market Price Uncertainty

MREL: Minimum Requirement for own funds and Eligible Liabilities

NAV: Net asset value

NFRD: Non-Financial Reporting Directive Directive2014/95/EU)

NGFS: Network for Greening the Financial System

NPL: Non-Performing Loans

NSFR: Net Stable Funding Ratio

NZBA: Net-Zero Banking Alliance

OCR: Overall Capital Requirement

O-SII: Other Systemically Important Institutions

OTC: Over The Counter

PAI: Principal Adverse Impact

PCAF: Partnership for Carbon Accounting Financials

PD: Probability of Default

PRB: Principles for Responsible Banking

RAF: Risk Appetite Framework

REPO: Repurchase Agreement

RSF: Required Stable Funding

RTS/ITS: Regulatory Technical Standards/Implementing Technical Standards

RWA: Risk weighted asset

SA–CCR: Standardized Approach for Counterparty Credit Risk

SEC-ERBA: Securitisation External-ratings-based approach

SEC- IRBA: Securitisation Internal Rating-Based Approach

SEC-SA: Securitisation – Standardised Approach

SFDR: Sustainable finance disclosure regulation

SFT: Securities Financing Transactions

SOT: supervisory outlier test

SPV: Special Purpose Vehicles

SREP: Supervisory Review Evaluation Process

SRMR: Single Resolution Mechanism Regulation

SSM: Single Supervisory Mechanism

STS: transparent and standardized securitizations

TC: Total capital

TCFD: Task Force on Climate-related Financial Disclosures

TLAC: Total Loss Absorbing Capacity

TLTRO: Targeted longer-term refinancing operations

UTP: Unlikely to Pay

VaR: Value at Risk

Audit firm report on Basel III Pillar III disclosure

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Independent Auditor's report on the Basel 3 Pillar 3 disclosure as at 31 December 2023

(Translation from the original Italian text)

To the Board of Directors of
Mediobanca S.p.A.

We were engaged to perform a limited assurance engagement on the accompanying document named Basel 3 Pillar 3 disclosure (the "Pillar 3 Disclosure") of Mediobanca Group as at 31 December 2023. The limited assurance engagement performed by us does not cover the information reported in the paragraph 8 "ESG Risk" of the Pillar 3 Disclosure required by the article 8 of the European Regulation 2020/852.

Directors' responsibility for the Pillar 3 disclosure

The directors of Mediobanca S.p.A. (the "Bank") are responsible for the preparation of the Pillar 3 Disclosure in accordance with the provisions of part VIII of Regulation (EU) no. 575 of 26 June 2013, implemented in Italy through Bank of Italy Circular no. 285 of 17 December 2013 and subsequent amendments.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Pillar 3 Disclosure that is free from material misstatement, whether due to fraud or error.

Independence and quality management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Auditors' responsibility

Our responsibility is to express a conclusion about the compliance of the Pillar 3 Disclosure with the requirements of part VIII of Regulation (EU) no. 575 of 26 June 2013, implemented in Italy through Bank of Italy's Circular no. 285 of 17 December 2013 and subsequent amendments, based on our limited assurance engagement. We conducted our limited assurance engagement in accordance with the provisions of the standard "*International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information*" ("*ISAE 3000 revised*") issued by the International Auditing and Assurance Standards Board ("IAASB"). This standard requires that we plan and perform the engagement to obtain limited assurance about whether the Pillar 3 disclosure is free from material misstatement.

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Summary of the Work Performed

The procedures we performed on the Pillar 3 Disclosure are based on our professional judgement and include inquiries, primarily of the Bank's personnel responsible for the preparation of the information presented in the Pillar 3 Disclosure, documental analyses, recalculations, reconciliations and other evidence gathering procedures that are appropriate in the circumstances.

Specifically, we carried out the following procedures:

- comparing the financial information presented in the Pillar 3 Disclosure to those included in the Group's interim condensed consolidated financial statements as of December 31, 2023 and for the six months then ended, upon which we issued our limited review report dated 9 February 2024;
- interviews and discussions with Bank's management to gather information on the accounting, reporting and technology systems used in preparing the Pillar 3 Disclosure and on the processes and internal control procedures used to gather, combine, process and transmit data and information to support the manager in charge of financial reporting for the purpose of preparing of the Pillar 3 Disclosure;
- sample-based analyses of documentation supporting the preparation of the Pillar 3 Disclosure for the purpose of obtaining evidence of the processes put in place in order to prepare the data and information presented therein;
- reading correspondence with the European Central Bank in relation to the authorisation process for use of internal models to calculate regulatory capital requirements;
- reading the reports prepared by the internal audit department and obtaining the observations of the internal validation department on the management systems and internal control processes relevant for the preparation of the data and information presented in the Pillar 3 Disclosure;
- obtaining a representation letter on the compliance of the Pillar 3 Disclosure with part VIII of Regulation (EU) no. 575 of 26 June 2013, implemented in Italy through the Bank of Italy Circular no. 285 of 17 December 2013 and subsequent amendments and on the reliability and completeness of the information and data contained therein.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Pillar 3 Disclosure of the Mediobanca Group as at 31 December 2023 has not been prepared, in all material respects, in accordance with part VIII of Regulation (EU) no. 575 of 26 June 2013, implemented in Italy through the Bank of Italy Circular no. 285 of 17 December 2013 and subsequent amendments.

Our conclusions do not cover the information reported in the paragraph 8 "ESG Risk" of the Pillar 3 Disclosure required by the article 8 of the European Regulation 2020/852.

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Other Matters

This report has been prepared solely for the purposes described in the first paragraph and, accordingly, it may not be suitable for other purposes.

Milan, 27 March 2024

EY S.p.A.
Signed by: Davide Lisi, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.