Basel III Pillar III
Disclosure to the public

Situation as at 30 June 2024

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.

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MEDIOBANCA

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 III 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 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, and by technical standards, 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:

— (EBA/GL/2014/14) 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/2016/11) Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013), 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;

— 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;

— 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;

— Implementing Technical Standards on Disclosure and Reporting on MREL and TLAC (EBA/ITS/2020/06);

It should be noted that the new version of the Capital Requirement Regulation (CRR III) starting from 2025, the regulation amending which was approved by the competent EU bodies on 24 April

1 The latest update of the mapping tool provided by the Regulator was transposed to compile the tables.

2024; the various changes introduced include the current phase-in transition provided for by Article 471 of Regulation (EU) No. 575/2013 (as amended) being made permanent, thus enabling investments in the equity of insurance companies to assigned a capital risk weight of 370% rather than deducted from CET1 capital in compliance with concentration risk (known as 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 (as at 30 June 2024, a total of nine out of ten templates are mandatory, while Template 9 on assets for the calculation of the BTAR is to be published on a voluntary basis starting from 31 December 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 Annual Report for the twelve months ended 30 June 2024 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 TUF, 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 annual Pillar III Basel III disclosure for the year ended 30 June 2024 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 required to be audited by the 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 at 30/6/24
435 – Risk management policies and objectives	Section 1 – General disclosure requirement	Consolidated financial statements as at 30 June 2024: Notes to the accounts - section E: information on risks and related hedging policies
436 – Scope of application	Section 2 – Scope of application	Consolidated financial statements as at 30 June 2024: Notes to the accounts - section A: Accounting policies
437 – Own funds	Section 3 – Composition of regulatory capital	Consolidated financial statements as at 30 June 2024: Notes to the accounts - section F: Information on consolidated capital
438 – Capital requirements	Section 4 – Capital adequacy	Consolidated financial statements as at 30 June 2024: Notes to the accounts - section F: Information on consolidated capital
439 – Exposure to Counterparty risk	Section 10.1 – Counterparty risk: standardized method Section 9.2 – Counterparty risk: AIRB method	Consolidated financial statements as at 30 June 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 adjustments	Section 7.1 – Credit risk: general information	Consolidated financial statements as at 30 June 2024: 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 at 30/6/24**
443 – Unencumbered assets	Section 8 – Encumbered assets	N/A

444 – Use of ECAIs	Section 7.2 – Credit risk: Use of ECAIs	N/A
445 – Exposure to market risk	Section 16 – Market risk	Consolidated financial statements as at 30 June 2024: Notes to the accounts - section E: Information on risks and related hedging policies (Section 1.2: Market risk)
446 – Operational risk	Section 13 – Operational risk	Consolidated financial statements as at 30 June 2024: Notes to the accounts - section E: Information on risks and related hedging policies (Section 1.4: Operational risks)
447 – Exposures in equities not included in the trading book	Section 14 – 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 15 – Interest rate risk on banking book positions	Consolidated financial statements as at 30 June 2024: 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 financial statements as at 30 June 2024: 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 financial statements as at 30 June 2024: Notes to the accounts - section E: Information on risks and related hedging policies (Section 1.2: Market risks)
450 – Remuneration policy	Section 18 – Remuneration and incentivization systems and practices	Remuneration and incentivization systems and practices (disclosure published on www.mediobanca.com under Governance/Remuneration
451- Financial leverage	Section 5 – Financial leverage	Consolidated financial statements as at 30 June 2024: 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 financial statements as at 30 June 2024:

		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 at 30/6/24**
453 – Use of credit risk mitigation techniques	Section 11 – Risk mitigation techniques	Consolidated financial statements as at 30 June 2024: 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 financial statements as at 30 June 2024: Notes to the accounts - section F: Information on consolidated capital (Section 2: I 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)

Regulation (EU) 637/2021, EBA/GL/2020/12, EBA/ITS/2021/07 and EBA/ITS/2022/01		**Pillar III as at 30/6/24**	
Templates	**Type of disclosure**	**Section (qualitative/quantitative information)**	**Tables (additional quantitative disclosure)**
EU OVA * EU OVB* EU OVC*	Qualitative	Section 1 - General disclosure requirement	
EU LI1* EU LI2* EU LI3* EU LIA* EU LIB*	Qualitative/ quantitative	Section 2 - Scope of application	
EU CC1 EU CC2 EU CCA	Qualitative/ quantitative	Section 3 - Composition of regulatory capital	Template 3.1 Template 3.2 Template 3.3
EU KM1	Quantitative		
EU KM2	Quantitative		
EU TLAC1 EU iLAC**** EU TLAC2 **** EU TLAC3	Qualitative/ quantitative		
IFRS 9-FL	Qualitative/ quantitative	Section 4 - Capital adequacy	
EU OV1	Quantitative		
EU INS1* EU INS2* (N/A)	Quantitative		
EU CCyB1 EU CCyB2	Quantitative		
EU LR1 EU LR2 EU LR3 EU LRA*	Qualitative/ quantitative	Section 5 - Financial leverage	

Regulation (EU) 637/2021, EBA/GL/2020/12, EBA/ITS/2021/07 and EBA/ITS/2022/01		Pillar III as at 30/6/24	
Templates	**Type of disclosure**	**Section (qualitative information/quantitative)**	**Tables (additional quantitative disclosure)**
EU LIQ1 EU LIQ2 EU LIQA* EU LIQB*	Qualitative/ quantitative	Section 6 – Liquidity risk	
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)** Table 1*** Table 2 Table 3 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 3 Template 4 Template 5 Template 6 Template 7 Template 8 Template 10	Qualitative/ quantitative	Section 8 – ESG risks	
Regulation (EU) 637/2021, EBA/GL/2020/12, EBA/ITS/2021/07 and EBA/ITS/2022/01		Pillar III as at 30/6/24	
Templates	**Type of disclosure**	**Section (qualitative information/quantitative)**	**Tables (additional quantitative disclosure)**

EU 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 EU CCRA*	Qualitative/ quantitative	Section 10 - Counterparty risk	
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	
EU-OR1	Quantitative	Section 13 - Operational risk	
		Section 14 - Exposures to equities: information on banking book position	Template 14.1 Template 14.2
EU IRRBBA EU IRRBB1	Qualitative/ quantitative	Section 15 - 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 16 - Market risk	Template 16.1 Template 16.2 Template 16.3
EU REMA* EU REM1* EU REM2* EU REM3* EU REM4* EU REM5*	Qualitative/ quantitative	Section 18 - Remuneration and incentivization systems and practices	

* Annual tables.
** Not applicable to the Mediobanca Group as at 30 June 2024 due to NPL ratio < 5%.
*** Not applicable to the Mediobanca Group as at 30 June 2024 due to the absence of EBA compliant moratoria outstanding.
**** Tables not applicable to the Mediobanca Group.

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 their 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 (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 risk; Group ALM Committee 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 risks, tax risks, and other non-financial risks (excluding conduct risks); 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 is responsible for integrated Group processes (ICAAP, RAF, Recovery Plan, etc.); ii) Risk Transformation, which is responsible for developing, coordinating, rationalizing and ensuring the consistency of IT development activities within Risk Management; 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 Analysis, 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 supervises the Group Legal Entities that operate in retail credit; vi) Financial Risk Management, which monitors market and counterparty risk, and is responsible for asset and liability management, monitoring liquidity risks, and validating fair value methodologies; 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, is responsible for validating the Group's risk measurement systems, and for defining and performing controls on 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, ILAAP 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, ILAAP 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 escalation 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 CET1 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 (CCFs) 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 II add-on).

The ratio is monitored on a regular basis by the Group, as part of its quarterly reporting requirements, at both individual and consolidated level (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., 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 (based on the Probability of Default and Loss Given Default indicators); the Mediobanca Premier Italian mortgage loan book (Probability of Default and Loss Given Default); and, for Compass, consumer loans (Probability of Default and Loss Given Default), and credit card exposures (Probability of Default, Loss Given Default and Credit Conversion Factor) (the latter since the disclosure at end-September 2023). An application was also submitted to the supervisory authority in June 2024 for the model applicable to Large Corporate exposures for Mediobanca, and a pre-application for the Corporate exposures for the factoring business of MBFACTA.

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 shown in Section 7.

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.

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 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.

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 procedures and IT systems, human error 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 Non-Financial Risks Committee, with responsibility for addressing, monitoring and mitigating non-financial risks (including IT and cyber risks, fraud risk, third party/outsourcing risks, and reputational risk), and the Conduct Committee (with responsibility for addressing, governing and approving resolutions in respect of conduct risks facing the Group) are both operative in the risk governance area.

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 acknowledged increase in relevance of certain classes of operational risk, in particular IT and cyber risk, third party/outsourcing risk, and fraud risk, the Group has completed a Non-Financial Risk Management project to develop specific frameworks for analysing, monitoring and mitigating each of these types of risk, while at the same time maintaining a global view of the situation.

IT and cyber risks in particular, which include rapidly developing aspects, appear to be especially relevant for the medium term.

On 1 July 2023, the Mediobanca Group set up a new second-level control unit – ICT and Security Risk – as part of the Non-Financial Risks area, itself part of the Group Risk Management Unit. A separate organizational unit retains responsibility for first-level security governance.

The organization structure complies with the general principles of the internal control system as a whole, such as the second-level governance remaining independent and separate from the

business units, and with the requirements specified by Bank of Italy Circular no. 285, fortieth update.

The ICT & Security Risk unit is responsible for monitoring and controlling ICT and security risks, and for checking that IT operations are 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) introduced by the by the Basel Committee (BCBS) 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 2.1 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).

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 of 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 boo, 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 ("concentration risk – single name") 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 Tier 1 capital set by CRR II has been met, even taking into account future expectations and the deductions from CET1, the share of which exceeding this limit is deducted. As with capital adequacy, compliance with the concentration limit is also monitored at all times, both at Group level and for all the 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 Adequacy of risk management metrics and consistency of overall risk profile with corporate strategy

In accordance with the provisions of Article 435, Section 1, letters e) and f) of Regulation (EU) no. 575/2013 ("CRR/CRR II"), a summary is provided below of the considerations regarding the adequacy

of the risk management measures adopted and consistency between the Group's overall risk profile and its strategies.

Risk management policies and objectives

In accordance with the provisions of Article 435, Section 1, letter e) and Article 435, Section 1, letter f), of Regulation (EU) no. 575/2013, on 19 September 2024, the Board of Directors of Mediobanca, having reviewed the Risks Committees' report and taken due account of the reports prepared by the control units, found that the structure of the internal controls and risk management system was adequate and in line with the Group's profile and strategy.

On 27 June 2024, the Board of Director approved the revised version of the Group Policy on RAF Risk Appetite Framework) definition, which defines its general principles, organizational model and structuring process. In the Framework, in view of the Strategic Plan and the maximum risk capacity, the Group indicates the level and types of risk which the Bank intends to assume, defining objectives, tolerance thresholds and operating limits in normal operating and stressed conditions. The Group has identified the following general principles as key elements in defining the RAF:

- Maintaining a high standing on markets, guaranteeing capitalization, solvency and liquidity conditions;
- Sustainable risk, profitability and business development objectives;
- Promoting responsible corporate business based on ESG criteria;
- Full knowledge of risks assumed and to be assumed;
- Understanding of risk measures adopted, so as to promote application and efficient management of them, by embedding a "culture of risk" at all company levels;
- Compliance with external regulations.

The following guidelines in particular have been defined:

- Maintain a solid capital base with a strong CET1 component;
- Maintain a strong liquidity profile, ensuring that potential cash inflows and outflows are appropriately balanced in both the short- and medium-/long term, even in stressed conditions;
- Preserve long-term profitability consistent with the Group's business profile, by limiting portfolio concentration, maintaining high asset quality, gradually reducing the equity component, and limiting changes to capital due to changes in interest rates in stressed situations;
- Maintain a low risk profile in terms of exposure to factors relating to climate risk;
- Safeguard the Group's reputational capital by minimizing risks of inadequate business conduct.

The general principles which go to make up the RAF are then translated into appropriate qualitative indicators (primary and complementary) that are able to represent the Group's target risk profile more specifically. This is done by defining thresholds representing the risk level considered to be acceptable and consistent with the objectives in terms of earnings. In general, the process of fine-tuning the thresholds is driven by stress testing conducted to ensure that the Group's operations remain within the maximum risk capacity set even in particularly adverse conditions and scenarios. The Group Risk Management Unit is responsible for monitoring the RAS metrics, to check and ensure that the effective risk level to which the Group is exposed is consistent with the limits approved. If the risk limits are breached, the processes for reporting them and for identifying the relevant remediation actions are activated: those for which the Board of Directors is responsible (primary KPIs), and those for which the Group Risk Management Unit is responsible (APMs).

For the 2024-25 financial year, the definition of these limits was approved by the Board of Directors at a meeting held on 27 June 2024, based on a structure of KPIs and APMs at Group level, sub-divided based on the main business lines.

The set of indicators included in the Group's Risk Appetite Statement (RAS) includes the following:

- With reference to capital adequacy, the CET1 Ratio (minimum limit of 12.35% compared with a ratio at end-June 2024 of 15.2%), the regulatory Leverage Ratio (minimum limit of 4.5% compared with a ratio at end-June 2024 of 7.1%), and the MREL ratio (minimum level 28% of RWAs and 9% of LREs, compared with 43.5% and 20.3% respectively as at end-June 2024);
- In terms of liquidity, a short-term Liquidity Coverage Ratio (LCR) with a minimum limit of 120%, compared with a ratio at end-June 2024 of 159%) and a Net Stable Funding Ratio (NSFR with a minimum regulatory limit of 105%, compared with a ratio at end-June 2024 of 117%);
- With reference to Bank-specific factors, the VaR on positions held in the trading book, non-performing assets held by the Group, the cost of risk, the amount of the expected loss and the exposures classified as Stage 2 for the main client segments, concentration versus the leading client groups, the exposure of the loan book to sectors classified as being at high environmental risk (transition and physical), exposure to equities of corporate clients and to government securities held in the banking book, plus to assets classified as illiquid; specific metrics have also been defined for the Leveraged Lending portfolio exposure;
- In the areas of non-financial risks, the operating losses indicator, the number of IT and cyber risk incidents, the level of obsolescent ICT systems, the percentage of outsourced services classified as high risk or medium-high risk, the number of complaints relative to the number of clients specific to the Consumer Banking and Wealth Management divisions, and the number of serious observations made by the Compliance unit for each business line.

1.3 Main activities in risk measurement performed by the Bank during the period under review and related updates

The activities regarding the AIRB models have continued during the year, including internal approval being obtained for a new Roll-Out Plan, and the final stage of extending the AIRB approach to the Group-wide portfolio, with the PD model being applied to MBFACTA's corporate exposures. Activities involving models already validated in response to findings from inspections carried out by the supervisory authorities also continued.

In the area of risk identification for ICAAP/ILAAP purposes, the Climate & Environmental Materiality Assessment has now been fully integrated, while the Non-Financial Risks project continues, with a particular focus on outsourcing risk and fraud risk.

With regard to market risks, the revision of the IT architecture to calculate management market and counterparty risks is now in its second stage, focused on transferring the existing calculation engines to the new systems (mainly in order to avoid the problem of the previous systems becoming obsolete).

During the twelve months under review, the application of the AIRB models to the Consumer Finance portfolio began, leading to an additional burden in terms of RWAs of around €900m (accounting for approx. 30 bps in terms of CET1 ratio). At the same time, the AIRB model applied to the Retail portfolio was revised, this too entailing an additional burden in terms of RWAs in the region of €200m.

With a view to improving the efficiency of RWA management, the trend towards increased selectivity in lending has continued, with the introduction of new risk mitigation measures in CIB, in particular the launch of insurance coverage for part of the Factoring portfolio, the continuing adoption of a fourth ECAI (Modefinance) for the standard Corporate portfolio, plus the extension of other credit risk mitigation techniques.

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 as a banking group, to which the details contained in this document apply.

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 scope of accounting consolidation, where Compass RE (reinsurance), the Group Legal Entities not forming part of the Banking Group (as per the requirement of the Bank of Italy's register of banking groups, namely Compass Rent, MBContact Solutions, and RAM UK), and other minor Group Legal Entities (Quarzo Srl, MBUSA, MB Covered Bond, MB Immobilière, MB Funding LUX, Spafid SIM, Spafid Trust, MA USA, and Compass Link) are consolidated on a line-by-line basis, in the scope of prudential consolidation these companies are equity-accounted; the minor Group Legal Entities are excluded from the accounting scope as they are considered to be immaterial,[1] as provided by Article 19[2] of the CRR.

[1] Exclusion of the minor Group Legal Entities means that the total assets reported for the scope of prudential consolidation are lower than in the scope of accounting consolidation, entailing a difference as at 30 June 2024 of €17.6m. Conversely, the inclusion of the minor Group Legal Entities among the equity-accounted companies drove an increase of €12m in the heading Equity investments at the same date.

[2] Article 19 of the CRR provides that the following entities are excluded from the scope of prudential consolidation: subsidiaries or undertakings where the total amount of assets and off-balance-sheet items 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 which are not included in the prudential scope of reporting are deducted from regulatory capital, or alternatively weighted at 250% if the aggregate value does not exceed the prudential limits set and the concentration limit is respected. Meanwhile, for the Group's investment in Assicurazioni Generali, which is equity-accounted, the phase-in regime introduced by Article 471 of Regulation (EU) No. 575/2013 as amended is applied, following authorization by the ECB. This allows own funds instruments issued by insurance companies to be weighted at 370%, rather than deducted from CET1 equity, while complying with the concentration limit set (otherwise known as the "Danish Compromise"), and the regime will become permanent starting from 2025, when CRR III comes into force, in the version approved on 24 April 2024.

Template EU LI1: differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (1/2)

	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the Securitization framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Assets							
10. Cash and cash equivalents	3,361,150	3,350,284	3,350,284	—	—	—	—
20. Financial assets at fair value through profit or loss	16,787,866	16,787,866	1,378,415	2,814,326	214,906	12,380,219	—
30. Financial assets at fair value through other comprehensive income	6,905,703	6,905,703	6,827,125	—	78,578	—	—
40. Financial assets at amortised cost	64,158,936	63,867,200	55,907,517	6,403,297	1,556,385	—	—
50. Hedging derivatives	705,549	705,549	—	705,549	—	—	—
60. Change in value of macro-hedged financial assets	—	—	—	—	—	—	—
70. Equity investments	3,789,216	3,976,851	2,076,951	—	—	—	1,899,900
80. Reinsurers' share of technical reserves	—	—	—	—	—	—	—
90. Property, plant and equipment	549,617	545,644	545,644	—	—	—	—
100. Intangible assets	1,045,432	1,045,336	35,841	—	—	—	1,009,480
of which:							
goodwill	827,313	827,313	—	—	—	—	827,313
110. Tax assets	754,812	753,750	753,750	—	—	—	
120. Non-current assets and disposal groups classified as held for sale	—	—	—	—	—	—	—
130. Other assets	1,167,993	1,157,251	1,157,251	—	—	—	—
Total assets	**99,226,274**	**99,095,434**	**72,032,777**	**9,923,172**	**1,849,870**	**12,380,219**	**2,909,381**

Template EU LI1: differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (2/2)

	a	b	c	d	e	f	g
	Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the Securitization framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Liabilities							
10. Financial liabilities at amortised cost	70,321,563	70,323,845	—	—	—	—	70,323,845
20. Financial liabilities held for trading	9,504,710	9,504,710	—	4,553,872	—	4,950,838	—
30. Financial liabilities designated at fair value	4,239,199	4,239,199	—	—	—	—	4,239,199
40. Hedging derivatives	1,431,642	1,431,642	—	1,431,642	—	—	—
50. Change in value of macro-hedged financial liabilities	—	—	—	—	—	—	—
60. Tax liabilities	749,647	707,769	—	—	—	—	707,769
70. Liabilities included in disposal groups classified as held for sale	—	—	—	—	—	—	—
80. Other liabilities	1,488,427	1,487,098	—	—	—	—	1,487,098
90. Provision for employee severance pay	20,445	20,339	—	—	—	—	20,339
100. Provisions for risks and charges	137,691	137,654	—	—	—	—	137,654
110. Technical reserves	89,765	—	—	—	—	—	—
120. Valuation reserves	(68,578)	(68,576)	—	—	—	—	(68,576)
130. Redeemable shares	—	—	—	—	—	—	—
140. Equity	—	—	—	—	—	—	—
150. Reserves	7,380,974	7,380,974	—	—	—	—	7,380,974
160.Share premium accounts	2,195,606	2,195,606	—	—	—	—	2,195,606
170. Share capital	444,515	444,515	—	—	—	—	444,515
180. Treasury shares (-)	(68,828)	(68,828)	—	—	—	—	(68,828)
190. Minority shareholders' equity (+/-)	86,114	86,105	—	—	—	—	86,105
200. Profit (Loss) for the period	1,273,382	1,273,382	—	—	—	—	1,273,382
Total liabilities and shareholders' equity	**99,226,274**	**99,095,434**	**—**	**5,985,514**	**—**	**4,950,838**	**88,159,082**

Template EU LI1 shows, with reference to the situation as at 30 June 2024, the consolidated balance-sheet data as per the published financial statements[3] compared with the balance-sheet

[3] Financial statements (balance sheet) drawn up in accordance with Bank of Italy circular no. 262/2005 as amended.

data based on the supervisory scope of reporting, and the breakdown of the various items between the different regulatory risk categories.

The differences between the statutory and regulatory balance-sheet items are attributable to the deconsolidation of the legal entities not forming part of the Banking Group and their consolidation using the equity method in the prudential scope of reporting.

The following companies are excluded from the prudential scope of reporting: Compass RE, Compass Rent, MBContact Solutions, RAM UK, Quarzo Srl, MBUSA, MB Covered Bond, MB Immobilière, MB Funding LUX, Spafid SIM, Spafid Trust, MA USA, and Compass Link.

Template EU LI2: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

		a	b	c	d	e
			Items subject to			
		Total	Credit risk framework	Securitization framework	CCR framework	Market risk framework
1	**Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)**	**96,186,038**	**72,069,583**	**1,813,064**	**9,923,172**	**12,380,219**
2	**Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)**	**15,921,056**	**—**	**216,405**	**10,753,814**	**4,950,838**
3	**Total net amount under the regulatory scope of consolidation**	**82,058,616**	**72,069,583**	**1,596,659**	**5,924,844**	**2,467,530**
4	**Off-balance-sheet amounts**	**24,259,664**	**21,785,152**	**—**	**2,474,512**	
5	*Differences in valuations*	*(96,189)*	*(104,781)*	*(353,376)*	*361,968*	
6	*Differences due to different netting rules, other than those already included in row 2*	*3,248,570*	*—*	*—*	*3,248,570*	
7	*Differences due to consideration of provisions*	*—*	*—*	*—*	*—*	
8	*Differences due to the use of credit risk mitigation techniques (CRMs)*	*(17,200,215)*	*(10,756,578)*	*(283,564)*	*(6,160,073)*	
9	*Differences due to credit conversion factors*	*(7,618,743)*	*(7,618,743)*	*—*	*—*	
10	*Differences due to Securitization with risk transfer*	*—*	*—*	*—*	*—*	
11	*Other differences*	*(153,247)*	*35,057*	*143*	*(188,447)*	
12	**Exposure amounts considered for regulatory purposes**	**84,498,457**	**75,409,690**	**959,863**	**5,661,374**	**—**

Template EU LI2 shows the total amount based on the regulatory scope of consolidation (balance-sheet values) compared with the value of the exposure subject to capital requirements for each type of risk.

The main differences between the accounting differences determined on the basis of the regulatory scope of consolidation and the amounts of the exposures determined for supervisory purposes with regard to credit risk are attributable to the following cases:

— Differences due to different methodologies used to calculate the provisions (scaling factor);

— Differences due to use of risk mitigation techniques for eligible risks as permitted by the CRR;

— Differences due to the application of credit conversion factors (CCF) to off-balance-sheet positions.

The differences attributable to counterparty risk which account for the differences between the carrying values and the regulatory exposure amounts (EAD) are due to the application of the PFE (Potential Future Exposure) for derivative financial instruments, the different scope and application of the regulatory haircuts to the market value of securities lent or borrowed as part of securities financing transactions, and to the use of risk mitigation techniques for eligible risks as permitted by the CRR, including the offset of asset versus liability positions as part of effective and validated netting agreements with an individual counterparty.

Template 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	Neither consolidated nor deducted	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	MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.	*Full consolidation*	x					*Credit institution*
7	COMPASS BANCA S.P.A.	*Full consolidation*	x					*Credit institution*
8	MEDIOBANCA PREMIER S.P.A. (ex CHEBANCA! S.P.A.)	*Full consolidation*	x					*Credit institution*
9	MBCREDIT SOLUTIONS S.P.A.	*Full consolidation*	x					*Financial corporations other than credit institutions*
10	SELMABIPIEMME LEASING S.P.A.	*Full consolidation*	x					*Financial corporations other than credit institutions*
11	MB FUNDING LUXEMBOURG S.A.	*Full consolidation*			x			*Financial corporations other than credit institutions*
12	MEDIOBANCA SECURITIES USA LLC	*Full consolidation*			x			*Financial corporations other than credit institutions*
13	MB FACTA S.P.A.	*Full consolidation*	x					*Financial corporations other than credit institutions*
14	QUARZO S.R.L.	*Full consolidation*			x			*Financial corporations other than credit institutions*
15	MEDIOBANCA COVERED BOND S.R.L.	*Full consolidation*			x			*Financial corporations other than credit institutions*
16	COMPASS RE (LUXEMBOURG) S.A.	*Full consolidation*			x			*Financial corporations other than credit institutions*

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

	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	Neither consolidated nor deducted	Deducted	
17	MEDIOBANCA INTERNATIONAL IMMOBILIERE S. A R.L.	*Full consolidation*			x			*Financial corporations other than credit institutions*
18	POLUS CAPITAL MANAGEMENT GROUP LIMITED	*Full consolidation*	x					*Financial corporations other than credit institutions*
19	POLUS CAPITAL MANAGEMENT LIMITED	*Full consolidation*	x					*Financial corporations other than credit institutions*
20	POLUS CAPITAL MANAGEMENT (US) INC.	*Full consolidation*	x					*Financial corporations other than credit institutions*
21	POLUS CAPITAL MANAGEMENT INVESTMENTS LIMITED (non-operative)	*Full consolidation*	x					*Financial corporations other than credit institutions*
22	POLUS INVESTMENT MANAGERS LIMITED (non-operative)	*Full consolidation*	x					*Financial corporations other than credit institutions*
23	Bybrook Capital Management Limited (in liquidation)	*Full consolidation*	x					*Financial corporations other than credit institutions*
24	Bybrook Capital Burton Partnership (GP) Limited	*Full consolidation*	x					*Financial corporations other than credit institutions*
25	SPAFID FAMILY OFFICE SIM	*Full consolidation*			x			*Financial corporations other than credit institutions*
26	SPAFID TRUST S.R.L.	*Full consolidation*			x			*Financial corporations other than credit institutions*
27	MEDIOBANCA MANAGEMENT COMPANY S.A.	*Full consolidation*	x					*Financial corporations other than credit institutions*
28	MEDIOBANCA SGR S.P.A.	*Full consolidation*	x					*Financial corporations other than credit institutions*
29	RAM ACTIVE INVESTMENTS S.A.	*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
ID	Name of the entity	Method of accounting consolidation	Method of regulatory consolidation					Description of the entity
			Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
30	MESSIER ET ASSOCIES S.A.S.	*Full consolidation*	x					*Financial corporations other than credit institutions*
31	MESSIER ET ASSOCIES L.L.C.	*Full consolidation*			x			*Financial corporations other than credit institutions*
32	MBCONTACT SOLUTIONS S.R.L.	*Full consolidation*			x			*Non-financial corporations*
33	COMPASS RENT S.R.L.	*Full consolidation*			x			*Non-financial corporations*
34	COMPASS LINK S.R.L.	*Full consolidation*			x			*Financial corporations other than credit institutions*
35	RAM ACTIVE INVESTMENTS LIMITED (UK) (in liquidation)	*Full consolidation*			x			*Financial corporations other than credit institutions*
36	CMB REAL ESTATE DEVELOPMENT S.A.M.	*Full consolidation*	x					*Financial corporations other than credit institutions*
37	ARMA PARTNERS LLP	*Full consolidation*	x					*Financial corporations other than credit institutions*
38	ARMA PARTNERS CORPORATE FINANCE LTD	*Full consolidation*	x					*Financial corporations other than credit institutions*
39	ARMA DEUTSCHLAND GmbH	*Full consolidation*	x					*Financial corporations other than credit institutions*
40	HEIDI PAY SWITZERLAND AG	*Full consolidation*	x					*Financial corporations other than credit institutions*

Section 3 – Composition of regulatory capital

Qualitative information

Common Equity Tier1 (CET1) capital consists of the share attributable to the Group and to minority shareholders of capital paid up and reserves, including the profit for the year (€1,273.4m), net of the dividend (€885.2m, corresponding to a payout ratio of 70%, having regard to the interim dividend paid in May 2024 and the balance to be paid in November 2024), and the full deduction of the second share buyback programme to be implemented during FY 2024-25 (€385m);[4] the FVOCI reserve, which was in positive territory at €18m, despite the Assicurazioni General investment being equity-consolidated (which accounted for €98.5m), is also included.

The deductions (€3,149m) chiefly regard:

– Treasury shares as to €68.8m, having regard to the €198m outlay to acquire 17 million shares, approved by shareholders at the Annual General Meeting held in October 2023 and implemented during the twelve months, which was booked by reducing the reserves after the shares were cancelled;

– Intangible assets of €182.2m and goodwill of €827.3m, which increased because of the acquisitions made during the twelve months (Arma Partners in particular); conversely, impairment charges were taken in respect of the RAM AI and Messier & Associés brands (€41.9m);

– Prudential adjustments to the valuation of financial instruments (AVA and DVA) amounting to €56.7m;

– A voluntary deduction of €5m in relation to the calendar provisioning for exposures included in the Pillar II scope of reporting, as permitted by CRR Article 3 ("Application of stricter requirements by institutions");

– Other investments totalling €95.3m, mainly in the SPV used for CLO activity (reflecting certain insurance policies), the deduction in respect of the junior SRT share totalling €13.2m, and holdings in Assicurazioni Generali worth a total of €1,899.9m.

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

Tier 2 capital includes subordinated liabilities, which rose from €966.6m to €1,096.6m, following the nominal €300m issue made in January 2024, which more than offset the repayments in the twelve

[4] Share buyback programme subject to authorization by the European Central Bank and by shareholders in Annual General Meeting, generating a negative impact of 90 bps on the CET1 ratio.

months (€159m). 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. The surplus here was €342.2m. The value included in the calculation, €118.9m, rose during the twelve months (up €46.2m), following the introduction of the advanced models for the Consumer Finance portfolio (as the regulations allow the amount corresponding to the regulatory limit to be fully included, 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)

		06/30/2024		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	2,640,121	160.Share premium accounts 170. Share capital	2,639,775	160.Share premium accounts 170. Share capital
	of which: ordinary shares	2,640,121		2,639,775	
2	Retained earnings	7,802,122	150. Reserves	7,675,283	150. Reserves
3	Accumulated other comprehensive income (and other reserves)	(68,577)	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)	35,097	190. Minority shareholders' equity (+/-)	40,002	190. Minority shareholders' equity (+/-)
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	6,322	200. Profit (Loss) for the period	315,148	200. Profit (Loss) for the period
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**10,415,085**		**10,732,335**	

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

		06/30/2024		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)	(52,209)		(61,898)	
8	Intangible assets (net of related tax liability) (negative amount)	(1,009,495)	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	(43,396)		(164,228)	
12	Negative amounts resulting from the calculation of expected loss amounts	—		—	
13	Any increase in equity that results from securitized 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)	(68,828)	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)	—		—	

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

		06/30/2024		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)	(2,986,050)	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	(108,557)		(51,515)	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	—		—	
EU-20c	of which: Securitization positions (negative amount)	(108,557)		(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)	(190,722)		(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*	(160,696)	70. Equity investments	(83,978)	70. Equity investments
25	*of which: deferred tax assets arising from temporary differences*	(30,026)	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	1,266,655		1,344,343	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(3,192,603)**		**(2,554,696)**	
29	**Common Equity Tier 1 (CET1) capital**	**7,222,482**		**8,177,639**	

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

		06/30/2024		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
	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)**	**7,222,482**		**8,177,639**	

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

		06/30/2024		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
Tier 2 (T2) capital: instruments					
46	Capital instruments and the related share premium accounts	1,096,623	10. Financial liabilities at amortised cost	966,648	10. Financial liabilities at amortised 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	118,923		72,742	
51	**Tier 2 (T2) capital before regulatory adjustments**	**1,215,546**		**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**	**1,215,546**		**1,039,389**	
59	**Total capital (TC = T1 + T2)**	**8,438,028**		**9,217,028**	
60	**Total risk exposure amount**	**47,621,975**		**51,431,549**	

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

		06/30/2024		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
Capital ratios and requirements including buffers					
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.1663 %		15.9000 %	
62	Tier 1 (as a percentage of total risk exposure amount)	15.1663 %		15.9000 %	
63	Total capital (as a percentage of total risk exposure amount)	17.7188 %		17.9210 %	
64	Institution CET1 overall capital requirements	8.2545 %		8.0394 %	
65	*of which: capital conservation buffer requirement*	*2.5000 %*		*2.5000 %*	
66	*of which: countercyclical buffer requirement*	*0.1451 %*		*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*	*0.1250 %*		—	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	*0.9844 %*		*0.9450 %*	
68	**Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)**	**7.8538 %**		**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)	393,935		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)	(2,946,471)		(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)	170,452		160,128	

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

		06/30/2024		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
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	256,347		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)	342,225		75,308	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	118,923		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)

	06/30/2024		
	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	3,361	3,350	
20. Financial assets at fair value through profit or loss	16,788	16,788	
30. Financial assets at fair value through other comprehensive income	6,906	6,906	
40. Financial assets at amortised cost	64,159	63,867	
50. Hedging derivatives	706	706	
60. Change in value of macro-hedged financial assets	—	—	
70. Equity investments	3,789	3,977	19, 23
80. Reinsurers' share of technical reserves	—	—	
90. Property, plant and equipment	550	546	
100. Intangible assets	1,045	1,045	8
of which: goodwill	827	827	
110. Tax assets	755	754	10, 21, 25
120. Non-current assets and disposal groups classified as held for sale	—	—	
130. Other assets	1,167	1,156	
Total assets	**99,226**	**99,095**	

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

	06/30/2024		
	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 amortised cost	70,322	70,324	46
20. Financial liabilities held for trading	9,505	9,505	
30. Financial liabilities designated at fair value	4,239	4,239	
40. Hedging derivatives	1,432	1,432	
50. Change in value of macro-hedged financial liabilities	—	—	
60. Tax liabilities	750	708	8
70. Liabilities included in disposal groups classified as held for sale	—	—	
80. Other liabilities	1,487	1,486	
90. Provision for employee severance pay	20	20	
100. Provisions for risks and charges	138	138	
110. Technical reserves	90	—	
120. Valuation reserves	(69)	(69)	3
130. Redeemable shares	—	—	
140. Equity	—	—	
150. Reserves	7,381	7,381	2
160.Share premium accounts	2,196	2,196	1
170. Share capital	445	445	1
180. Treasury shares (-)	(69)	(69)	16
190. Minority shareholders' equity (+/-)	86	86	5,34,48
200. Profit (Loss) for the period	1,273	1,273	5a,25a
Total liabilities and shareholders' equity	**99,226**	**99,095**	

Template 3.1 Prudential treatment of investments in insurance companies

The template 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.[5]

The authorization received from the ECB to apply the phase-in regime provided by Article 471 is still subject to compliance with the concentration limit, and requires the share of the investment that is not deducted, because it does not exceed this limit, to be weighted at 370%; the remainder which exceeds the limit is therefore deducted from regulatory capital.

Compared to 30 June 2023, because of the increased book value of the Assicurazioni Generali investment and the lower CET1, as a result of the share buyback programme being launched as provided for in the Strategic Plan, and the deduction of the goodwill in relation to Arma Partners, the share of the investment to be deducted in order to comply with the concentration limit referred to above is higher, causing a reduction in RWAs due to the weighted share being lower.

	06/30/2024		06/30/2023	
	Exposure	RWA	Exposure	RWA
Common Equity Tier 1 instruments of financial sector entities in which the institution has a significant investment	**3,698,013**		**3,472,192**	
of which deducted from own funds	1,899,900		1,439,458	
of which not deducted from own funds	1,798,113	6,653,017	2,032,734	7,521,115
of which 370%	1,798,113	6,653,017	2,032,734	7,521,115
of which 250%	—	—	—	—

[5] The phase-in regime applies until 31 December 2024, after which, when CRR III comes into force on 1 January 2025, it will become permanent.

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Table 3.2 – List of subordinated issues included in calculation of regulatory capital

Security issued	ISIN	Currency	06/30/2024		06/30/2023	
			Nominal value	Calculated value	Nominal value	Nominal value
MB Subordinato 1.957% 2029	XS1579416741	EUR	50,000	45,868	50,000	48,495
MB SUBORDINATO 2.3% 2030	XS2262077675	EUR	249,750	240,014	248,854	240,387
MB SUBORDINATO 3.75% 2026	IT0005188351	EUR	298,478	113,664	299,750	172,256
MB SUBORDINATO TV con min 3% 2025	IT0005127508	EUR	499,265	116,585	496,805	214,646
MB FIX TO FLOAT 0233	XS2577528016	EUR	299,500	291,480	299,950	290,865
MB SUBORDINATO 5.25 22 APR 2034	IT0005580573	EUR	299,800	289,013		
Total subordinated instruments			**1,696,793**	**1,096,623**	**1,395,359**	**966,649**

Template EU CCA: main features of regulatory own funds instruments and eligible liabilities instruments (1/2)

		Common Equity Tier 1 instruments	Tier 2 capital instruments		
			IT0005127508	XS1579416741	IT0005188351
1	Issuer	Mediobanca S.p.a.	Mediobanca S.p.a.	Mediobanca S.p.a.	Mediobanca S.p.a.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	IT0000062957	IT0005127508	XS1579416741	IT0005188351
3	Governing law(s) of the instrument	Whole instrument - Italian law	Whole instrument - Italian law	Whole instrument - English law	Whole instrument - Italian law
	Regulatory treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules	CET1	Tier2	*Tier2*	*Tier2*
5	Post-transitional CRR rules	CET1	Tier2	*Tier2*	*Tier2*
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares - Art.28 CRR	Bond - Art.62 CRR	Bond - Art.62 CRR	Bond - Art.62 CRR
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	444,515	116,585 Purchases and depreciation	45,868	113,664 Purchases and depreciation
9	Nominal amount of instrument	N/A	500,000	50,000	300,000
9a	Issue price	N/A	100,000	100,000	99,000
9b	Redemption price	N/A	100,000	100,000	100,000
10	Accounting classification	Equity	Liabilities - amortized cost	Liabilities - amortized cost	Liabilities - amortized cost
11	Original date of issuance	N/A	09/10/2015	03/22/2017	06/16/2016
12	Perpetual or dated	N/A	Dated	Dated	Dated
13	Original maturity date	N/A	09/10/2025	03/22/2029	06/16/2026
14	Issuer call subject to prior supervisory approval	N/A	NO	NO	NO
15	Optional call date, contingent call dates and redemption amount	N/A	—	—	—
16	Subsequent call dates, if applicable	N/A	—	—	—
	Coupons / dividends	N/A	—	—	—
17	Fixed or floating dividend/coupon	N/A	Floating	Fixed and then Floating	Fixed
18	Coupon rate and any related index	N/A	3mEuribor+2.25% with a floor of 3.00%	y1, y2, y3: fix rate 3,5%; then: Euribor 6 months + 235 bps floored @ zero	3,75% per annum
19	Existence of a dividend stopper	NO	NO	NO	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	N/A	NO	NO	NO
22	Noncumulative or cumulative	N/A	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	N/A	Non-convertible	Non-convertible	Non-convertible
30	Write-down features	N/A	NO	NO	NO
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	Senior	Senior	Senior
36	Non-compliant transitioned features	N/A	NO	NO	NO

Template EU CCA: main features of regulatory own funds instruments and eligible liabilities instruments (2/2)

		Tier 2 capital instruments		
		XS2262077675	IT0005580573	XS2577528016
1	Issuer	Mediobanca S.p.a.	Mediobanca S.p.a.	Mediobanca S.p.a.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS2262077675	IT0005580573	XS2577528016
3	Governing law(s) of the instrument	Whole instrument - Italian law	Whole instrument - Italian law	Whole instrument - Italian law
	Regulatory treatment			
4	Current treatment taking into account, where applicable, transitional CRR rules	*Tier2*	*Tier2*	*Tier2*
5	Post-transitional CRR rules	*Tier2*	*Tier2*	*Tier2*
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo and Consolidated	Solo and Consolidated	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Bond - Art.62 CRR	Bond - Art.62 CRR	Bond - Art.62 CRR
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	240,014 Purchases and depreciation	289,013 Purchases and depreciation	291,480 Purchases and depreciation
9	Nominal amount of instrument	250,000	300,000	250,000
9a	Issue price	99,478	99,645	100,000
9b	Redemption price	100,000	100,000	100,000
10	Accounting classification	Liabilities - amortized cost	Liabilities - amortized cost	Liabilities - amortized cost
11	Original date of issuance	11/23/2020	01/22/2024	02/08/2023
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	11/23/2030	04/22/2034	02/08/2033
14	Issuer call subject to prior supervisory approval	YES	YES	YES
15	Optional call date, contingent call dates and redemption amount	11/23/2025 at 100	from 01/22/2029 to 04/22/2029 at 100	02/08/2028 at 100
16	Subsequent call dates, if applicable	—	—	—
	Coupons / dividends	—	—	—
17	Fixed or floating dividend/coupon	Fixed till reset, then Floating	Fixed till reset, then Floating	Fixed till reset, then Floating
18	Coupon rate and any related index	y1, y2, y3, y4, y5 fix rate 2.3% then Mid Swap 5y + 280bps	y1, y2, y3, y4, y5 fix rate 5.25% then Mid Swap 5y + 275bps	y1, y2, y3, y4, y5 fix rate 6.50% then Mid Swap 5y + 373bps
19	Existence of a dividend stopper	NO	NO	NO
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	NO	NO	NO
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
30	Write-down features	NO	NO	NO
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior	Senior	Senior
36	Non-compliant transitioned features	NO	NO	NO

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.

This capital adequacy assessment takes the form of the ICAAP report which is produced annually and sent to the European Central Bank and to Banca d'Italia, 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.

Quantitative information

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

		a	b
		06/30/2024	03/31/2024
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	7,222,482	7,285,014
2	Tier 1 capital	7,222,482	7,285,014
3	Total capital	8,438,028	8,549,769
Risk-weighted exposure (amounts)			
4	Total risk-weighted exposure amount	47,621,975	48,648,623
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	15.1663 %	14.9748 %
6	Tier 1 ratio (%)	15.1663 %	14.9748 %
7	Total capital ratio (%)	17.7188 %	17.5745 %
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 (%)	1.7500 %	1.8200 %
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.9844 %	1.0238 %
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.3125 %	1.3650 %
EU 7d	Total SREP own funds requirements (%)	9.7500 %	9.8200 %
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 (%)	0.1451 %	0.1309 %
EU 9a	Systemic risk buffer (%)	—	—
10	Global Systemically Important Institution buffer (%)	—	—
EU 10a	Other Systemically Important Institution buffer	0.1250 %	0.1250 %
11	Combined buffer requirement (%)	2.7701 %	2.7559 %
EU 11a	Overall capital requirements (%)	12.5201 %	12.5759 %
12	CET1 available after meeting the total SREP own funds requirements (%)	7.8538 %	7.6098 %
Leverage ratio			
13	Leverage ratio total exposure measure	102,160,733	99,096,659
14	Leverage ratio	7.0697 %	7.3514 %
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)	8,347,415	8,733,591
EU 16a	Cash outflows - Total weighted value	8,390,922	8,324,063
EU 16b	Cash inflows - Total weighted value	3,302,068	3,110,835
16	Total net cash outflows (adjusted value)	5,088,853	5,213,228
17	Liquidity coverage ratio (%)	164.3688%	167.6031%
Net Stable Funding Ratio			
18	Total available stable funding	64,388,321	61,780,945
19	Total required stable funding	55,111,150	54,005,663
20	NSFR ratio (%)	116.8336%	114.3972%

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

		c	d	e
		12/31/2023	09/30/2023	06/30/2023
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	7,532,255	7,649,149	8,177,639
2	Tier 1 capital	7,532,255	7,649,149	8,177,639
3	Total capital	8,546,270	8,705,615	9,217,028
Risk-weighted exposure (amounts)				
4	Total risk-weighted exposure amount	49,088,358	50,127,112	51,431,549
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	15.3443 %	15.2595 %	15.9000 %
6	Tier 1 ratio (%)	15.3443 %	15.2595 %	15.9000 %
7	Total capital ratio (%)	17.4100 %	17.3671 %	17.9210 %
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 %	1.6800 %
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.9450 %	0.9450 %	0.9450 %
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.2600 %	1.2600 %	1.2600 %
EU 7d	Total SREP own funds requirements (%)	9.6800 %	9.6800 %	9.6800 %
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 (%)	0.1329 %	0.1309 %	0.0944 %
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 %	2.5944 %
EU 11a	Overall capital requirements (%)	12.3129 %	12.3109 %	12.2744 %
12	CET1 available after meeting the total SREP own funds requirements (%)	7.7300%	7.6871%	8.2410%
Leverage ratio				
13	Leverage ratio total exposure measure	96,164,675	97,937,127	97,270,380
14	Leverage ratio	7.8327 %	7.8103 %	8.4071 %
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)	9,004,160	9,516,211	9,478,729
EU 16a	Cash outflows - Total weighted value	8,323,472	8,542,700	8,766,906
EU 16b	Cash inflows - Total weighted value	2,871,156	2,826,122	2,882,133
16	Total net cash outflows (adjusted value)	5,452,315	5,716,578	5,884,773
17	Liquidity coverage ratio (%)	165.9504%	167.0313%	161.0830%
Net Stable Funding Ratio				
18	Total available stable funding	62,742,958	60,444,308	63,677,289
19	Total required stable funding	52,482,253	51,728,394	53,364,548
20	NSFR ratio (%)	119.5508%	116.8494%	119.3251%

The phase-in Common Equity Ratio – the ratio between CET1 capital and total RWAs, with application of the Danish Compromise[6]– stands at 15.17%. The reduction compared to last year (30/6/23: 15.90%) reflects the high deductions attributable to Arma Partners (55 bps, due to reduce to 30 bps in the coming years due to the use of treasury shares to complete the acquisition). The organic growth in earnings in the twelve months, which added 310 bps, reflects the reduction in lendings, offset almost entirely by the shareholder remuneration (accounting for 305 bps), which includes the dividend (interim dividend paid in May 2024, with the balance payable in November 2024), the share buyback programmes (with purchases of €198m made during the twelve months, plus the new tranche to be submitted to the approval of shareholders in AGM and the ECB, in an amount of up to €385m[7]). There were also prudential deductions for the Assicurazioni Generali investment (60 bps), plus the effects of the introduction of the Consumer Finance AIRB model (30 bps), much of which was absorbed by the increased use of risk mitigation techniques for the CIB loan book (which added 45 bps overall), including insurance coverage, use of the fourth ECAI Modefinance being extended to include the standard Corporate loan book, valuation adjustments for the large corporate collateralized positions, plus the completion of the first Significant Risk Transfer (SRT) securitization, which added 13 bps, and other effects (adding 12 bps).

Conversely, the Total Capital Ratio, including application of the Danish Compromise, reduced slightly to 17.72%, despite being mitigated by the new €300m subordinated issue.

As the phase-in regime for the IFSR 9 FTA effects has now been completed, the only difference remaining between the phase-in and fully-loaded ratio is the application of the Danish Compromise: the CET1 ratio fully-loaded, i.e. with the Assicurazioni Generali fully deducted (approx. 110 bps, equal to €1,276.9m), stands at 14.07%, while the Total capital ratio fully-loaded stands at 16.94%, both lower than at 30 June 2023 (14.93% and 17.21% respectively).

For information on the liquidity ratios (LCR and NSFR), see the relevant section below (Section 6).

[6] Adding approx. 100 bps, now made permanent by the meeting on 24 April 2024 when the European Parliament approved the new version of CRR III.

[7] New share buyback programme with cancellation of the shares acquired, subject to authorization by shareholders in AGM and the ECB, the maximum value of which is equal to the profit for the year minus the proposed dividend.

Template EU OV1: Overview on risk-weighted exposures

		RWA		Capital requirements
		a	b	c
		06/30/2024	03/31/2024	06/30/2024
1	Credit risk (excluding CCR)	38,699,710	39,856,852	3,095,977
2	of which the Standardized approach	19,108,602	18,870,106	1,528,688
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	19,591,107	20,986,746	1,567,289
6	Counterparty credit risk - CCR	1,956,530	1,969,451	156,522
7	of which the Standardized approach	723,977	596,974	57,918
8	of which internal model method (IMM)	—	—	—
EU 8a	of which exposures to a CCP	25,532	32,711	2,043
EU 8b	of which credit valuation adjustment - CVA	325,421	414,917	26,034
9	of which other CCR	881,600	924,849	70,528
15	Settlement risk	—	—	—
16	Securitization exposures in the non-trading book (after the cap)	167,695	127,700	13,416
17	of which SEC-IRBA approach	24,571	—	1,966
18	of which SEC-ERBA (including IAA)	51,345	56,329	4,108
19	of which SEC-SA approach	91,778	71,371	7,342
EU 19a	of which 1250%	—	—	—
20	Position, foreign exchange and commodities risks (Market risk)	1,681,374	2,010,483	134,510
21	of which the Standardized approach	1,681,374	2,010,483	134,510
22	of which IMA	—	—	—
EU 22a	Large exposures	—	—	—
23	Operational risk	5,116,667	4,684,138	409,333
EU 23a	of which basic indicator approach	5,116,667	4,684,138	409,333
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) (For information)	426,130	890,865	34,090
29	**Total**	**47,621,975**	**48,648,623**	**3,809,758**

* 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 INS1: Insurance participations

		06/30/2024	
		a	b
		Exposure value	Risk-weighted exposure amount
1	Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds	1,798,113	6,653,017

Template EU INS2: Financial conglomerates information on own funds and capital adequacy ratio

The Mediobanca Group has nothing to report for Template EU INS2.

Template EU CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (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	11,464,260	34,476,517	172,126	—	821,116	46,934,018
United Arab Emirates	46,768	—	—	—	—	46,768
Australia	10,585	—	—	—	—	10,585
Austria	16,080	43,716	213	—	—	60,009
Belgium	14,385	68,025	2,915	—	—	85,325
Bulgaria	2,148	—	—	—	—	2,148
Canada	14,251	—	—	—	—	14,251
China	3,163	—	—	—	—	3,163
Denmark	14,867	14,564	—	—	—	29,432
Ethiopia	66	—	—	—	—	66
Finland	2,264	—	409	—	—	2,673
France	432,883	2,043,606	22,573	—	—	2,499,063
Germany	207,771	739,117	80,306	—	—	1,027,194
Japan	95	—	—	—	—	95
Greece	27,552	—	—	—	—	27,552
Hong Kong	1	56,615	83	—	—	56,698
Ireland	101,162	170,030	51,684	—	—	322,877
Iceland	1,094	—	2,571	—	—	3,665
Cayman Islands	3	—	167,761	—	—	167,763
Virgin Islands, British	2	70,168	153	—	—	70,323
Luxembourg	159,484	934,356	241,730	—	—	1,335,570
Mexico	78,665	—	—	—	—	78,665
Monaco	976,316	67,122	2,127	—	—	1,045,565
Norway	—	—	—	—	—	—
Netherlands	50,438	779,374	29,224	—	—	859,035
Portugal	103,125	218,282	100	—	—	321,508
United kingdom	1,988,799	606,072	302,402	—	—	2,897,273
Romania	38,865	—	—	—	—	38,865
Russian federation	46,371	—	—	—	—	46,371
Singapore	48,803	—	—	—	—	48,803
Spain	393,316	1,501,139	6,100	—	—	1,900,556
Sweden	25,170	33,002	—	—	—	58,172
Switzerland	76,450	257,425	29,244	—	—	363,119
Turkey	33,258	12,617	—	—	—	45,875
United states	311,906	1,150,695	618,680	—	—	2,081,282
Slovakia	15,218	—	—	—	—	15,218
Croatia	14,631	—	—	—	—	14,631
Estonia	592	—	—	—	—	592
Cyprus	879	—	—	—	—	879
Slovenia	11,676	—	—	—	—	11,676
South Korea	150	—	—	—	—	150
Chile	3,143	—	—	—	—	3,143
Czech Republic	21,735	42,393	—	—	—	64,127
Lithuania	6,464	—	—	—	—	6,464
Armenia	3	—	—	—	—	3
Other Countries	323,325	78,005	665	—	—	401,995
Total	**17,088,181**	**43,362,840**	**1,731,067**	**—**	**821,116**	**63,003,204**

Template EU CCyB1: Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (2/2)

	g	h	i	j	k	l	m
	Own funds requirement				Risk-weighted exposure amounts	Weighting factors of own fund requirement	Countercyclical coefficient
	of which: generic credit exposures	of which: credit exposures of the trading book	of which: Securitization positions in the banking book	Total			
Italy	2,452,398	22,077	11,450	2,485,925	31,074,067	79.5238%	—
United Arab Emirates	2,373	—	—	2,373	29,663	0.0759%	—
Australia	359	—	—	359	4,492	0.0115%	1.0000%
Austria	1,382	17	—	1,399	17,486	0.0448%	—
Belgium	3,005	233	—	3,238	40,478	0.1036%	0.5000%
Bulgaria	66	—	—	66	826	0.0021%	2.0000%
Canada	479	—	—	479	5,984	0.0153%	—
China	132	—	—	132	1,650	0.0042%	—
Denmark	1,003	—	—	1,003	12,542	0.0321%	2.5000%
Ethiopia	4	—	—	4	50	0.0001%	—
Finland	168	33	—	201	2,511	0.0064%	—
France	100,785	778	—	101,564	1,269,547	3.2490%	1.0000%
Germany	37,760	2,249	—	40,009	500,111	1.2799%	0.7500%
Japan	8	—	—	8	95	0.0002%	—
Greece	1,674	—	—	1,674	20,930	0.0536%	—
Hong Kong	755	7	—	761	9,517	0.0244%	1.0000%
Ireland	11,437	1,166	—	12,604	157,546	0.4032%	1.5000%
Iceland	37	206	—	243	3,037	0.0078%	2.5000%
Cayman Islands	—	2	—	2	30	0.0001%	—
Virgin islands, British	860	12	—	872	10,898	0.0279%	—
Luxembourg	95,227	2	—	95,229	1,190,360	3.0463%	0.5000%
Mexico	2,668	—	—	2,668	33,345	0.0853%	—
Monaco	50,161	—	—	50,161	627,009	1.6046%	—
Norway	58	—	—	58	726	0.0019%	2.5000%
Netherlands	27,169	624	—	27,792	347,404	0.8891%	2.0000%
Portugal	16,582	8	—	16,590	207,376	0.5307%	—
United kingdom	86,243	4,495	—	90,738	1,134,226	2.9027%	2.0000%
Romania	706	—	—	706	8,825	0.0226%	1.0000%
Russian federation	2,418	—	—	2,418	30,224	0.0774%	—
Singapore	1,367	—	—	1,367	17,085	0.0437%	—
Spain	77,236	510	—	77,745	971,819	2.4871%	—
Sweden	3,673	—	—	3,673	45,912	0.1175%	2.0000%
Switzerland	8,748	668	—	9,416	117,699	0.3012%	—
Turkey	2,203	—	—	2,203	27,533	0.0705%	—
United states	61,785	1,057	—	62,842	785,530	2.0103%	—
Slovakia	473	—	—	473	5,913	0.0151%	1.5000%
Croatia	387	—	—	387	4,842	0.0124%	1.5000%
Estonia	47	—	—	47	593	0.0015%	1.5000%
Cyprus	52	—	—	52	651	0.0017%	1.0000%
Slovenia	315	—	—	315	3,943	0.0101%	0.5000%
South Korea	12	—	—	12	150	0.0004%	1.0000%
Chile	30	—	—	30	371	0.0010%	0.5000%
Czech Republic	2,384	—	—	2,384	29,798	0.0763%	1.7500%
Lithuania	181	—	—	181	2,264	0.0058%	1.0000%
Armenia	—	—	—	—	2	—	1.5000%
Other Countries	25,557	53	—	25,610	320,130	0.8193%	—
Total	**3,080,369**	**34,196**	**11,450**	**3,126,015**	**39,075,188**	**100.00%**	

Template EU CCyB2: Amount of institution-specific countercyclical capital buffer

		a
1	Total risk exposure amount (RWA)	47,621,975
2	Specific countercyclical coefficient of the institution	0.1451 %
3	**Specific countercyclical capital buffer requirement of the institution**	**69,108**

4.1 Minimum Requirement for Eligible Liabilities

The Minimum Requirement for Eligible Liabilities is a minimum requirement for own funds and eligible liabilities as defined by Directive 2014/59/EU (the "BRRD") that each bank is required to comply with at all times in order to ensure that it has sufficient capacity to absorb losses in the event of resolution. The requirement, which is set annually by the Single Resolution Board (SRB), is expressed both in terms of exposures to risk (MREL-TREA) and exposure by financial leverage (MREL-LRE). In addition, if certain conditions occur, banks are also required to comply with a subordination requirement, in order to ensure that part of the eligible liabilities are subordinated. This requirement serves to reduce the risk of breaching the "No Creditor Worse Off" (NCWO) principle, which guarantees that no creditor incurs losses greater than those that they would have incurred in the event of insolvency.

The Mediobanca Group received its first official notification of the minimum requirements to be complied with for MREL purposes (the MREL Decision) from the Single Resolution Board (SRB) in 2019.

As per the most recent MREL Decision received at year-end 2023, the Group is required to meet the following requirements in 2024:

- MREL-TREA: 23.57% (including the CBR), with a subordination requirement of 16.05%;
- MREL-LRE: 5.91%, with a subordination requirement of 5.85%.

The Minimum Requirement for Eligible Liabilities (MREL) as at 30 June 2024 was 42.75%, significantly higher than the minimum requirement set by the supervisory authority for 2024, of 23.57%, and higher than the ratio recorded at end-June 2023 (36.79%), as a result of the new debt security issuance and the resilience of deposits in Wealth Management. The requirement in terms of exposure to financial leverage as at 30 June 2024 was also higher, at 19.93% (compared with 19.45% last year)[8], and too was comfortably higher than the 5.91% minimum requirement.

[8] Regulatory calculation that takes account of the General Prior Permission request.

Template EU KM2: key metrics – MREL and, where applicable, G-SII Requirement for own funds and eligible liabilities

		a
		Minimum requirement for own funds and eligible liabilities (MREL)
		06/30/2024
	Own funds and eligible liabilities, ratios and components	
1	Own funds and eligible liabilities	20,356,417
EU-1a	Of which own funds and subordinated liabilities	10,243,842
2	Total risk exposure amount of the resolution group (TREA)	47,621,975
3	Own funds and eligible liabilities as a percentage of TREA (row1/row2)	42.7458 %
EU-3a	Of which own funds and subordinated liabilities	21.5107 %
4	Total exposure measure of the resolution group	102,160,733
5	Own funds and eligible liabilities as percentage of the total exposure measure	19.9259 %
EU-5a	Of which own funds or subordinated liabilities	10.0272 %
6a	Does the subordination exemption in Article 72b(4) of the CRR apply? (5% exemption)	
6b	Pro-memo item - Aggregate amount of permitted non-subordinated eligible liabilities instruments If the subordination discretion as per Article 72b(3) CRR is applied (max 3.5% exemption)	
6c	Pro-memo item: If a capped subordination exemption applies under Article 72b (3) CRR, the amount of funding issued that ranks pari passu with excluded liabilities and that is recognised under row 1, divided by funding issued that ranks pari passu with excluded Liabilities and that would be recognised under row 1 if no cap was applied (%)	
	Minimum requirement for own funds and eligible liabilities (MREL)	
EU-7	MREL requirement expressed as percentage of the total risk exposure amount	23.57%
EU-8	Of which to be met with own funds or subordinated liabilities	16.05%
EU-9	MREL requirement expressed as percentage of the total exposure measure	5.91%
EU-10	Of which to be met with own funds or subordinated liabilities	5.85%

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Template EU TLAC1 – Composition – MREL and, where applicable, the G-SII Requirement for own funds and eligible liabilities (1/2)

		a	b	c
		Minimum requirement for own funds and eligible liabilities (MREL)	G-SII Requirement for own funds and eligible liabilities (TLAC)	Memo item: Amounts eligible for the purposes of MREL, but not TLAC
	Own funds and eligible liabilities and adjustments			
1	Common Equity Tier 1 capital (CET1)	7,222,482	—	7,222,482
2	Additional Tier 1 capital (AT1)	—	—	—
6	Tier 2 capital (T2)	1,215,546	—	1,215,546
11	Own funds for the purpose of Articles 92a CRR and 45 BRRD	8,438,028	—	8,438,028
	Own funds and eligible liabilities: Non-regulatory capital elements			
12	Eligible liabilities instruments issued directly by the resolution entity that are subordinated to excluded liabilities (not grandfathered)	1,273,820	—	1,273,820
EU-12a	Eligible liabilities instruments issued by other entities within the resolution group that are subordinated to excluded liabilities (not grandfathered)	—	—	—
EU-12b	Eligible liabilities instruments that are subordinated to excluded liabilities, issued prior to 27 June 2019 (subordinated grandfathered)	—	—	—
EU-12c	Tier 2 instruments with a residual maturity of at least one year to the extent they do not qualify as Tier 2 items	531,994	—	531,994
13	Eligible liabilities that are not subordinated to excluded liabilities (not grandfathered pre cap)	10,067,946	—	10,067,946
EU-13a	Eligible liabilities that are not subordinated to excluded liabilities issued prior to 27 June 2019 (pre-cap)	44,628	—	44,628
14	Amount of non-subordinated instruments eligible, where applicable after application of Article 72b (3) CRR	10,112,574	—	10,112,574
17	Eligible liabilities items before adjustments	11,918,389	—	11,918,389
EU-17a	Of which subordinated	1,805,815	—	1,805,815
	Own funds and eligible liabilities: Adjustments to non-regulatory capital elements			
18	Own funds and eligible liabilities items before adjustments	20,356,417	—	20,356,417
19	(Deduction of exposures between MPE resolution groups)		—	
20	(Deduction of investments in other eligible liabilities instruments)	—	—	
22	Own funds and eligible liabilities after adjustments	20,356,417	—	20,356,417
EU-22a	Of which own funds and subordinated	10,243,842		

Template EU TLAC1 – Composition – MREL and, where applicable, the G-SII Requirement for own funds and eligible liabilities (2/2)

		a	b	c
		Minimum requirement for own funds and eligible liabilities (MREL)	G-SII Requirement for own funds and eligible liabilities (TLAC)	Memo item: Amounts eligible for the purposes of MREL, but not TLAC
	Risk-weighted exposure amount and leverage exposure measure of the resolution group			
23	Total risk exposure amount	47,621,975	—	47,621,975
24	Total exposure measure	102,160,733	—	102,160,733
	Ratio of own funds and eligible liabilities			
25	Own funds and eligible liabilities (as a percentage of total risk exposure amount)	42.7458 %	—	42.7458%
EU-25a	Of which own funds and subordinated	21.5107 %		
26	Own funds and eligible liabilities (as a percentage of total exposure measure)	19.9259 %	—	19.9259%
EU-26a	Of which own funds and subordinated	10.0272 %		
27	CET1 (as a percentage of TREA) available after meeting the resolution group's requirements	15.1600 %	—	
28	Institution-specific combined buffer requirement		—	
29	of which: capital conservation buffer requirement		—	
30	of which: countercyclical buffer requirement		—	
31	of which: systemic risk buffer requirement		—	
EU-31a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer		—	
	Memorandum items			
EU-32	Total amount of excluded liabilities referred to in Article 72a(2) CRR		—	

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Template EU TLAC3a: creditor ranking – resolution entity

		insolvency ranking				Sum of 1 to n
		1	2	3	4	
		(most junior)			(most senior)	
1	Description of insolvency rank (free text)	Equity	Capital instruments and Subordinated Claims according to the subordination ranking contractually agreed upon by the parties	Senior Non-Preferred Debt	Unsecured Claims	
2	Liabilities and own funds	3,879,129	1,110,105	1,465,696	10,439,781	16,894,712
3	o/w excluded liabilities	—	—	—	—	—
4	Liabilities and own funds less excluded liabilities	3,879,129	1,110,105	1,465,696	10,439,781	16,894,712
5	Subset of row 4 that are own funds and liabilities potentially eligible for meeting [choose as appropriate: TLAC/ MREL]	3,879,129	1,110,105	1,465,696	10,439,781	16,894,712
6	o/w residual maturity ≥ 1 year < 2 years	—	243,731	—	2,087,941	2,331,672
7	o/w residual maturity ≥ 2 year < 5 years	—	45,868	970,748	7,391,680	8,408,296
8	o/w residual maturity ≥ 5 years < 10 years	—	820,507	494,948	960,160	2,275,616
9	o/w residual maturity ≥ 10 years, but excluding perpetual securities	3,879,129	—	—	—	3,879,129
10	o/w perpetual securities	—	—	—	—	—

Section 5 – Financial leverage

Qualitative information

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 30 June 2024, 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 7.1%, lower than last year (8.4%), due to the reduction in Tier 1 capital because of the higher exposures (mostly attributable to the higher Bank of Italy deposits); however, the ratio is still comfortably above the minimum regulatory limit of 3% and the sector average (5.8%).

The tables below show the readings for the Mediobanca Group leverage ratio as at 30 June 2024, stated in accordance with the principles set forth in CRR/CRR II.

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

		06/30/2024	12/31/2023	06/30/2023
		a	b	c
		Applicable amount		
1	Total assets as per published financial statements	99,226,274	94,910,341	91,639,017
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(130,840)	(156,848)	(152,827)
3	(Adjustment for securitized 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	(815,482)	(772,512)	(2,013,614)
9	Adjustment for securities financing transactions (SFTs)	(2,629,467)	(1,383,308)	526,191
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	8,425,652	6,021,348	9,184,648
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)	(369,110)	(264,529)	(202,676)
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	(1,546,294)	(2,189,817)	(1,710,359)
13	**Total exposure measure**	**102,160,733**	**96,164,675**	**97,270,380**

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

		CRR leverage ratio exposures		
		a	b	c
		06/30/2024	12/31/2023	06/30/2023
	On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	88,891,513	84,539,790	82,899,367
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	57,555	7,005	8,145
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)**	**88,949,068**	**84,546,795**	**82,907,512**
	Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	1,043,612	1,017,950	958,817
EU-8°	Derogation for derivatives: replacement costs contribution under the simplified Standardized approach	1,167	4,283	5,258
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	1,317,339	1,145,266	1,217,437
EU-9°	Derogation for derivatives: Potential future exposure contribution under the simplified Standardized approach	4,187	4,805	2,973
EU-9b	Exposure determined under Original Exposure Method	151	186	222
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	1,900,851	2,307,314	2,834,997
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(1,562,079)	(2,092,174)	(2,834,997)
13	**Total derivatives exposures**	**2,705,227**	**2,387,631**	**2,184,708**

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

		CRR leverage ratio exposures		
		06/30/2024	12/31/2023	06/30/2023
		a	b	c
	Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	7,344,483	5,530,647	3,449,318
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(6,797,406)	(4,804,833)	(2,377,202)
16	Counterparty credit risk exposure for SFT assets	4,167,939	3,421,526	2,903,393
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**	**4,715,016**	**4,147,340**	**3,975,509**
	Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	20,435,720	17,453,949	15,557,157
20	(Adjustments for conversion to credit equivalent amounts)	(14,166,644)	(11,953,457)	(6,908,855)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	—	—	—
22	**Off-balance sheet exposures**	**6,269,075**	**5,500,492**	**8,648,302**
	Excluded exposures			
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	(369,110)	(264,529)	(202,676)
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)	(108,544)	(153,054)	(242,974)
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)**	**(477,654)**	**(417,583)**	**(445,650)**

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

		CRR leverage ratio exposures		
		06/30/2024	12/31/2023	06/30/2023
		a	b	c
	Capital and total exposure measure			
23	**Tier 1 capital**	**7,222,482**	**7,532,255**	**8,177,639**
24	**Total exposure measure**	**102,160,733**	**96,164,675**	**97,270,380**
	Leverage ratio			
25	Leverage ratio	7.0697 %	7.8327 %	8.4071 %
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	7.0697 %	7.8327 %	8.4071 %
25°	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	7.0697 %	7.8327 %	8.4071 %
26	Regulatory minimum leverage ratio requirement (%)	3.0000 %	3.0000 %	3.0000 %
EU-26°	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	835,510	746,394	1,231,464
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	547,077	725,814	1,072,116
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)	102,449,166	96,185,254	97,429,729
30°	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)	102,449,166	96,185,254	97,429,729
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)	7.0498 %	7.8310 %	8.3934 %
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)	7.0498 %	7.8310 %	8.3934 %

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

		06/30/2024	12/31/2023	06/30/2023
		a	b	c
		CRR leverage ratio exposures		
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**88,445,884**	**84,125,430**	**82,548,160**
EU-2	Trading book exposures	14,530,584	8,976,628	7,171,850
EU-3	Banking book exposures, of which:	73,915,300	75,148,802	75,376,310
EU-4	Covered bonds	45,558	56,433	54,246
EU-5	Exposures treated as sovereigns	12,653,181	13,599,814	12,414,393
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	150,222	123,769	125,450
EU-7	Institutions	4,657,418	4,424,260	3,678,269
EU-8	Secured by mortgages of immovable properties	13,360,748	13,352,749	13,400,590
EU-9	Retail exposures	15,287,871	15,667,115	15,408,120
EU-10	Corporates	20,977,119	21,562,810	23,203,587
EU-11	Exposures in default	400,236	384,534	622,347
EU-12	Other exposures (e.g. equity, Securitizations, and other non-credit obligation assets)	6,382,947	5,977,317	6,469,308

Section 6 – Liquidity risk

Qualitative information

Liquidity risk is defined as the risk of not being able to meet one's own commitments to pay due both to an inability to raise funds on the market ("funding liquidity risk") and to being able to sell one's own assets ("market liquidity risk").

An adequate liquidity and funding risk management system is fundamental to ensure the stability of the Mediobanca Group and the financial system in general, given that a single bank's difficulties would affect the system as a whole. Fundamental in this connection is the application of liquidity risk management strategies and processes that include suitable diversification of sources and/or counterparties and adequate distribution of loans and applications of funds' maturities over time. The risk governance and management system is developed as part of the Risk Appetite Framework and the risk tolerance levels contained in it. In particular, one of the management objectives contained in the Risk Appetite Framework is to maintain a liquidity position in the short and long term which is adequate to cope with a period of prolonged stress (combining idiosyncratic and systemic stress factors). In accordance with this objective, the Group Liquidity Risk Management Policy (the "Policy") approved by the Board of Directors of Mediobanca S.p.A. stipulates that an adequate level of liquidity reserves, high-quality liquid assets, and highly liquid assets must be maintained in order to cover the cash flows anticipated in the short and medium/long term.

The general principles, on which the internal liquidity risk governance and management system defined by the Policy, to which all Group companies are required to adhere, are listed below:

- The strategic guidelines, business and financial plans and budgets are defined and approved by the Board of Directors of Mediobanca S.p.A., and constitute, at Group level, the reference framework and restrictions for operations by the units responsible for liquidity and funding risks;
- The policies are revised on the basis of developments in the company's activity and risk profile, as well as the external scenario, and are clearly documented and shared within the Group as a whole;
- All roles and responsibilities for the units and areas involved in the liquidity management and governance process are defined and documented clearly;
- The organizational unit responsible for liquidity governance acts promptly within set, documented limits; the unit responsible for control operates autonomously and independently of the former;
- The liquidity risk management and control process is subdivided in accordance with the Group's organizational structure, and is reviewed regularly to ensure it remains effective over time;

— The metrics used are based on cash inflow and outflow projections for all the main on- and off-balance-sheet items using a prudential approach. The metrics required by the regulator are based on given assumptions decided at the regulatory level;

— Risk management is carried out from both current and future perspectives, and entails the application of different scenarios, including stressed;

— The Bank is required to maintain a sufficient amount of liquid instruments over time, in accordance with the liquidity risk tolerance threshold set at Group level, which can never be lower than the minimum level set at regulatory level;

— A contingency funding plan is defined clearly and accurately, which states the strategies for intervening in order to raise sources of finance in the event of liquidity tensions;

— Commercial, credit and financial policies are co-ordinated in order to maintain a balanced structural liquidity profile at Group level, taking multiple risk elements into account;

— Reporting flows within the individual companies and the Group as a whole are standardized from a qualitative and quantitative standpoint and also in terms of frequency, to enable liquidity and funding risk to be monitored and measured according to a process which is adequate and optimal in relation to the complexity of the Bank's operations;

— The funds transfer pricing system is established by a unit which is separate from the business teams, and reflects the holistic cost/benefit of liquidity via a consolidated framework.

To ensure that liquidity risk management is integrated and consistent at Group level, the parent company's Board of Directors is assigned the role of body responsible for strategic supervision under Bank of Italy Circular no. 285, and as such is responsible for:

— Maintaining a level of liquidity consistent with the tolerance threshold for exposure to risk;

— Defining strategic guidelines, governance policies and management processes for the specific risk profile.

The Group Risk Management Committee is responsible for adopting liquidity risk measurement models, whereas Group ALM defines at Group level the asset and liability structure and related risk of mismatch between them taken on, directing operations in line with the commercial and financial objectives set in the budget and the Group's Risk Appetite Framework.

The parent company units responsible for ensuring that the Policy is applied accurately are:

— Group Treasury, which is responsible at Group level for managing liquidity, funding, collateral and the funds transfer pricing system, and for preparing the Group Funding Plan in accordance with the budget objectives;

— Group Risk Management, which, in accordance with the principles of separation and independence, is responsible for the Group's integrated control for current and future risks, in accordance with the Group's regulations and governance strategies.

The Group Audit Unit is responsible for appraising the functioning and reliability of the controls system for liquidity risk management and for reviewing adequacy and compliance with the requisites established by the regulations. The results of the checks carried out are submitted to the governing bodies once a year.

The liquidity governance model adopted by the Group is centralized at parent company level which, via the Group Treasury and Group Risk Management units, is responsible for governing liquidity and the risk related to it. The two units mentioned are responsible for:

— Governing Group liquidity in at centralized level, engaging in ongoing dialogue with the Group Legal Entities;

— Structuring and updating the Policy;

— Defining, managing and revising the funding plan;

— Monitoring liquidity risk at centralized or local level, including over intra-day time horizons and with high frequencies.

In order to maximize the advantages deriving from synergistic co-operation between the two parent company units referred to above and the local teams, management has decided to adopt adequate and shared monitoring and simulation systems for monitoring simulating the main liquidity governance indicators.

The Group's objective is twofold: on the one hand, to meet the supervisory authority's requirements by maintaining a satisfactory level of liquidity to meet its ordinary and extraordinary payment obligations; and on the other, to maximize results while at the same time minimizing costs by not incurring losses. In order to ensure that earnings results are achieved along with efficient Group liquidity management, the following activities have been centralized at Group Treasury:

— Managing directly the liquidity of Mediobanca S.p.A., with responsibility for co-ordinating the liquidity management of the Group companies within the limits of the powers delegated to it;
— Managing the liquidity reserves, guaranteeing consistency with the company's objectives and the regulatory requirements;
— Managing the compulsory reserve for the banks that form part of the Group;
— Co-ordinating the Group companies' funding operations, defining their financial planning;
— Governing the liquidity transfer process within the Group and the internal funds transfer pricing system;

- Managing and monitoring the exposure to liquidity risk at centralized level, and in a "business as usual" scenario, ensuring accurate reporting is provided to the senior management and governing bodies;
- Accessing the refinancing measures (ordinary and extraordinary) prepared by the European central banking system, and performing the role of borrower of last resort for the Group companies.

The Group Risk Management unit considers the following principles to be fundamental for adequate liquidity risk management:

- Ensure the adequacy of the Group's liquidity reserves and solvency both in business as usual and stress conditions;
- Adopt a governance model for risk events (Contingency Funding Plan);
- Ensure diversification of funding sources in terms of instruments, markets, maturities and fund providers;
- Guarantee monitoring and assessment of the adequacy of the exposure to liquidity and funding risk from both a current and forward-looking perspective, including measurement of regulatory metrics in stress scenarios (regulatory perspective) and management metrics (economic perspective), across time horizons both short-term (including intraday) and medium-/long-term;
- Guarantee that the stress testing framework is robust and updated at all times.

The liquidity risk measurements and mitigation instruments are formalized in the Policy referred to, which also defines the methodological structure both for short-term and structural liquidity indicators.

The short-term liquidity indicators address the need to ensure adequate and balanced levels of cash inflows and outflows with certain or expected expiries (adopting a prudential approach) within a 12-month time horizon (including intraday). Intraday liquidity risk is the risk of a mismatch in terms of timing within a single day between payments made by the Group and those received by the Group from market counterparties. Management of this risk requires careful and ongoing monitoring of cash flows exchanged, and, more importantly, adequate liquidity reserves. To mitigate this risk, the Group performs careful monitoring on an ongoing basis, and has implemented a system of indicators to check the availability of reserves at the start of the day and their capacity to cover possible situations of stress that could involve other market counterparties or the value of the assets used in the risk mitigation.

From an earnings perspective, the metric adopted for monitoring over time horizons longer than intra-day is the net liquidity position, obtained from the sum of the Counterbalancing Capacity

(defined as the cash, securities and receivables eligible for refinancing with the ECB) and cumulative net cash flows.

The system of limits is structured on the basis of the normal course of business up to a time horizon of three months, of systemic stress (one month), and of combined stress (45 days), which functions as an early warning system in cases where the limit is approached in normal conditions. The short-term liquidity monitoring is supplemented by stress testing which assumes three different scenarios (specific, systemic, and combined) defined in the Policy and described in Part E of the Notes to the Accounts.

From a regulatory perspective, the monitoring metric adopted for the short term is the Liquidity Coverage Ratio (LCR) which serves to strengthen the short-term liquidity risk profile by ensuring that adequate High-Quality Liquidity Assets (HQLA) are held which not subject to restrictions of any kind and therefore can be freely traded and converted immediately into liquidity that can be used to meet cash obligations within 30 days in an acute liquidity stress scenario.

The Policy also establishes that liquidity risk is monitored over a medium-/long-term time horizon by adopting gap analysis, which, from an earnings perspective, serves to ensure "that the structure has an adequate financial balance for maturities of more than twelve months. Maintaining an appropriate ratio between assets and liabilities in the medium/long term also serves the purpose of avoiding future pressures in the short term as well. The operating methods adopted involve analysing the maturity profiles for both assets and liabilities over the medium and long term checking that assets with durations which are longer than the relevant time bucket are adequately financed by liabilities which also have durations longer than the bucket itself is.

From a regulatory perspective, the monitoring metric adopted for the medium/long term is the Net Stable Funding Ratio NSFR). This indicator measures the Group's ability to hold funding which is sufficient in both qualitative and quantitative terms to cover its lending exposures over a time horizon of one year, assuming specific stress conditions established by the regulations in force, which stipulate a minimum compulsory requirement that must be complied with.

Given the nature of the NSFR indicator, the specific rules to be used for the calculation, and the regulatory and management limits set, funding activity is planned and fine-tuned to ensure that its contribution to the ratios is optimized: by giving priority to funding in the form of debt securities over the medium/long term, or through Wealth Management deposits (in particular those generated by Mediobanca Premier, given the retail nature of its clientele).

Alongside the processes described above, a crisis event governance model has also been instituted, known as the Contingency Funding Plan (described in the Policy) which is approved by the Board of Directors.

The objective of the Contingency Funding Plan is to ensure prompt implementation of effective

action to tackle a liquidity crisis, through precise identification of stakeholders, powers, responsibilities, communication procedures and reporting criteria, to increase the likelihood of coming through the state of emergency successfully. This aim is achieved by activating an extraordinary operational and liquidity governance model, supported by consistent internal and external reporting and a series of specific indicators.

In order to identify a “contingency” state in timely manner, a system of early warning indicators (EWIs) has been prepared, to monitor situations that could lead to deterioration in the Group’s liquidity position deriving from external factors and/or from situations which are specific to the Banking Group itself. The EWI system allows the reference operating scenario to be identified (known as stress or crisis states). Monitoring and internal communication processes are adopted to manage and resolve each state. These processes are consistent with those provided for in the Recovery Plan. The Contingency Plan identifies the actions to be taken to ensure the continuity of the Bank and to restore the liquidity position to within internal limits.

The risk governance principles expressed by Group Risk Management are based on a robust stress framework. The stress testing is intended to anticipate possible states of crisis, that may have repercussions for the Group’s liquidity position. Reference is made to Part E of the Notes of the Accounts for details on stress testing and how the tests are used.

Based on the information provided thus far, while the Policy outlines the liquidity risk internal control and management system from a strategic and methodological standpoint, and represents the intentions of the Board of Directors which approve it, the ILAAP process, introduced pursuant to Article 86 of Directive 2013/36/EU, imposes the obligation to carry out a self-assessment of the adequacy of this system and the liquidity profile that derives from it. The governing bodies of the Mediobanca Group approved the Liquidity Adequacy Statement (LAS), as part of the ILAAP, i.e. the main evidence to emerge from the self-assessment of adequacy of the liquidity position, taking into account both quantitative factors, as expressed through the key indicators, and qualitative factors, stating the adequacy of its liquidity risk management and liquidity position. The statement also highlights the resilience of both the rules governing liquidity risk and the procedures that can be activated in the event of adverse stress scenarios actually materializing. Based on qualitative and quantitative analysis, performed also in stress scenarios, the competent authority has been informed that the current and future liquidity position is consistent with the strategies, risk tolerance and business model established by the governing bodies.

Quantitative information

As at 30 June 2024 eligible reserves held at the European Central Bank totalled €18.3bn, €15.2bn of which in securities exchangeable for cash by the ECB; the balance of the collateral established at the European Central Bank amounted to approx. €12.1bn, some €10.8bn of which available in cash but not used. The TLTRO repayments made during the year freed up credit assets which were added to the Counterbalancing Capacity.

Scope of consolidation (consolidated)	Unencumbered (net of haircuts)	
Currency and units (million Euro)	06/30/2023	06/30/2024
TOTAL GROUP LIQUIDITY RESERVES	**16,606**	**18,330**
Total high-quality liquid assets (HQLA)	**9,728**	**7,040**
Cash and deposits held with central banks (HQLA)	4,076	3,136
Highly liquid securities (HQLA)	5,652	3,904
of which:		
Level 1	5,625	*3,878*
Level 2	0,027	*0,026*
Other eligible reserves	**6,878**	**11,290**

During the year under review, the indicators which representing the earnings perspective in the short term have shown that the Group has maintained an adequate level of liquidity on a stable basis. Stress testing has been carried out on a regular basis, to assess the impact of adverse events deriving from idiosyncratic, systemic and combined stress on the liquidity position and the adequacy of the liquidity reserves, on which regular reporting has been made to the Group's governing bodies, to brief them on any situations of vulnerability and to issue the guidelines for managing them in a timely manner through the appropriate corrective actions.

Moving onto the regulatory perspective, the European Union introduced a minimum short-term coverage requirement, the Liquidity Coverage Ratio (the "LCR"), under Commission Delegated Regulation (EU) No. 2015/61, as supplemented/amended (minimum level 100% since 1 January 2018). The following table 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) No. 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.

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

Currency and units (XXX million)		a	b	c	d
		Total unweighted value (average)			
EU 1a	Quarter ending on	06/30/2024	03/31/2024	12/31/2023	09/30/2023
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS				
1	**Total high-quality liquid assets (HQLA)**				
	CASH - OUTFLOWS				
2	Retail deposits and deposits from small business customers, of which:	20,534	20,741	20,820	20,885
3	*Stable deposits*	*11,830*	*11,802*	*11,819*	*11,911*
4	*Less stable deposits*	*7,395*	*7,632*	*7,757*	*7,862*
5	Unsecured wholesale funding	5,994	5,854	6,136	6,617
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	—	—	—	—
7	Non-operational deposits (all counterparties)	*5,656*	*5,525*	*5,782*	*6,289*
8	Unsecured debt	*339*	*329*	*355*	*328*
9	Secured wholesale funding				
10	Additional requirements	9,814	9,818	9,951	10,037
11	Outflows related to derivative exposures and other collateral requirements	*468*	*467*	*462*	*446*
12	Outflows related to loss of funding on debt products	—	—	—	—
13	Credit and liquidity facilities	*9,345*	*9,350*	*9,489*	*9,591*
14	Other contractual funding	2,844	2,677	2,389	2,342
15	Other contingent funding obligations	4,715	4,057	3,495	3,669
16	**TOTAL CASH OUTFLOWS**				
	CASH – INFLOWS				
17	Secured lending (e.g. reverse repos)	3,751	3,037	2,362	2,101
18	Inflows from fully performing exposures	2,112	2,170	2,079	2,081
19	Other cash inflows	2,058	1,988	2,045	2,113
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**	**7,921**	**7,195**	**6,485**	**6,295**
EU-20a	*Fully exempt inflows*	—	—	—	—
EU-20b	*Inflows subject to 90% cap*	—	—	—	—
EU-20c	*Inflows subject to 75% cap*	*7,895*	*7,165*	*6,442*	*6,218*
	TOTAL ADJUSTED VALUE				
EU-21	LIQUIDITY BUFFER				
22	TOTAL NET CASH OUTFLOWS				
23	LIQUIDITY COVERAGE RATIO (%)				

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

	Currency and units (XXX million)	e	f	g	h
		Total weighted value (average)			
EU 1a	Quarter ending on	06/30/2024	03/31/2024	12/31/2023	09/30/2023
EU 1b	Number of data points used in the calculation of averages	12	12	12	12
	HIGH-QUALITY LIQUID ASSETS				
1	**Total high-quality liquid assets (HQLA)**	**8,347**	**8,734**	**9,004**	**9,516**
	CASH - OUTFLOWS				
2	Retail deposits and deposits from small business customers, of which:	1,677	1,705	1,714	1,696
3	*Stable deposits*	*592*	*590*	*591*	*596*
4	*Less stable deposits*	*1,086*	*1,115*	*1,123*	*1,101*
5	Unsecured wholesale funding	3,355	3,194	3,311	3,504
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	—	—	—	—
7	Non-operational deposits (all counterparties)	*3,016*	*2,864*	*2,956*	*3,176*
8	Unsecured debt	*339*	*329*	*355*	*328*
9	Secured wholesale funding	*316*	*258*	*275*	*315*
10	Additional requirements	1,761	1,779	1,809	1,767
11	Outflows related to derivative exposures and other collateral requirements	*468*	*467*	*462*	*446*
12	Outflows related to loss of funding on debt products	—	—	—	—
13	Credit and liquidity facilities	*1,293*	*1,312*	*1,347*	*1,322*
14	Other contractual funding	948	1,048	905	925
15	Other contingent funding obligations	334	340	309	335
16	**TOTAL CASH OUTFLOWS**	**8,391**	**8,324**	**8,323**	**8,543**
	CASH – INFLOWS				
17	Secured lending (e.g. reverse repos)	764	620	425	341
18	Inflows from fully performing exposures	1,552	1,599	1,536	1,530
19	Other cash inflows	986	891	910	955
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**	**3,302**	**3,111**	**2,871**	**2,826**
EU-20a	*Fully exempt inflows*	—	—	—	—
EU-20b	*Inflows subject to 90% cap*	—	—	—	—
EU-20c	*Inflows subject to 75% cap*	*3,302*	*3,111*	*2,871*	*2,826*
	TOTAL ADJUSTED VALUE				
EU-21	LIQUIDITY BUFFER	8,347	8,734	9,004	9,516
22	TOTAL NET CASH OUTFLOWS	5,089	5,213	5,452	5,717
23	LIQUIDITY COVERAGE RATIO (%)	164.3688%	167.6031%	165.9504%	167.0313%

The factors which have driven the trend in the liquidity coverage ratio may be subdivided into: drivers with significant influence on the amount of HQLAs, cash inflows and cash outflows. 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), the most important aggregate among which is made up of the free reserves held with the European Central Bank, to which temporary payments of excess liquidity have been made. Among the inflows/outflows, cash movements linked to secured operations always have a material and variable impact over time, which is due to the fact that operations of this kind are used as the main risk mitigation and control instrument by Group Treasury. The stress scenario envisaged by Commission Delegated Regulation (EU) No 2015/61 and the Group's business model, which too distinguishes between retail and institutional forms of funding, show a greater impact on outflows from wholesale funding, which in this operating scenario is considered to be less stable than retail funding. The outflows from credit lines should also be noted, which too are a consequence of the Group's business model.

The LCR has remained stable at an average value of approx. 164% in the past twelve months, in line with the regulatory limits and risk appetite expressed by the governing bodies. This stability has been achieved through careful management by Group Treasury. Group Treasury manages a portfolio consisting of HQLAs made up of reserves held with the ECB and high-quality debt securities and equities. The division, as mentioned previously, carries out active and centralized management of these portfolios, directed by internal estimate tools. From a forward-looking perspective, Group Risk Management makes an estimate of the capital required to cover the liquidity, and Group Treasury, using primarily securities financing transactions to use or gather high-quality assets, brings the estimated value back nearer the internal target.

Although the portfolio of highly liquid assets is the main instrument used to control and stabilize the ratio, Group Treasury also has other tools which it uses for this purposes. These include diversifying funding sources and liquidity reserves, both of which are fundamental. The Policy also provides for regular monitoring of concentration analysis both for funding (by counterparty/product/duration/currency) and liquidity reserves (by issuer/counterparty).

The adequacy of the structure and cost of funding, which is defined from a forward-looking perspective through the Funding Plan, is assured through ongoing diversification. 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. As for the liquidity reserves, we have already shown the effectiveness deriving from maintaining them at an adequate level. The average level of high quality liquid assets (Level 1) immediately available to the Group amounted to €8.1bn, and primarily consists of the

available liquid reserves held with the European Central Bank, which together represent on average 97% of the HQLAs.

This level of HQLAs includes:

- A share covering potential outflows that might result from exposures in derivatives and the collateral calls that might potentially derive from them. 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;
- A share of the HQLAs is maintained in USD, to meet potential risks related to currency conversion. In order to manage and monitor possible misalignments between different currencies, the Group carries out regular checks to assess if the liabilities held in a given foreign currency are equal to or higher than 5% of the total liabilities. Breach of this limit set by Regulation (EU) No. 575/2013, for a given currency implies that the currency concerned is "significant" and obliges the entity to calculate the LCR in that currency. As at 30 June 2024, the Mediobanca Group had two such "significant" currencies at consolidated level, namely the Euro (EUR) and the US Dollar (USD). Monitoring of possible currency misalignments between liquid assets and net cash outflows shows that the Group is easily capable of managing any such imbalances, in part through holding HQLA in USD as mentioned above, and in part as a result of its ability to tap the FX market easily in order to transform excess liquidity in EURO into USD. Since March 2024 the Group has adopted an internal limit for the LCR in USD of 100%.

The LCR is not the only regulatory short-term indicator used, as it is unable to measure intraday liquidity risk that is manifested when a bank does not have sufficient funds available to meet its payment and settlement obligations falling due in the course of the same trading day. The Group monitors this risk using the tools specified by the Basel Committee on Banking Supervision (BCBS – "Monitoring tools for intraday liquidity management", April 2013). Apart from through ongoing monitoring, to cover this risk the Policy provides for a minimum reserve level of available liquidity at the start of the day, and requires that these reserves' composition must be such as to ensure they can be used in the final hours of the business day as well. Regulation (EU) No. 2019/876 Article 428b introduced the requirement of 100% for the Net Stable Funding Ratio (NSFR) shown in Template EU LIQ2 for each quarter of the reference reporting period.

During the twelve months under review, this indicator, which also represents an earnings perspective in the medium/long term, shows that the Group has maintained a more than adequate structural liquidity profile for the period.

The ratio as at 30 June 2024 stood at 116.8%, higher than the regulatory limit of 100%.

Compared to the situation at end-June 2023 (119.3%), the LCR was impacted by the increase in lendings (main in relation to the secured lending area, and to securities held as part of positions) which was higher than the growth in funding, where the debt security component increased. In more detail, the short-term funding sources consist primarily of client deposits, mostly Retail and Wealth Management, while the main contributions to medium-/long-term funding come from own funds, the Group's own issues outstanding, and the interbank channel sources. The stable funding requirements consist primarily of loans disbursed to clients and the more illiquid balance-sheet components, such as non-HQLAs. Conversely, applications of short-term funding in repos, deposits with central banks and HQLAs entail less material funding requirements because they are more liquid.

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Template EU LIQ2: Net Stable Funding Ratio (1/2)

(in currency amount)		06/30/2024				
		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	10,311,161	—	—	1,696,792	12,007,953
2	*Own funds*	*10,311,161*	—	—	*1,215,546*	*11,526,707*
3	*Other capital instruments*		—	—	*481,246*	*481,246*
4	Retail deposits		20,191,026	273,383	1,182,520	20,202,110
5	*Stable deposits*		*12,032,164*	*263*	—	*11,430,806*
6	*Less stable deposits*		*8,158,862*	*273,120*	*1,182,520*	*8,771,304*
7	Wholesale funding:		21,142,093	3,470,768	26,468,316	31,661,795
8	*Operational deposits*		—	—	—	—
9	*Other wholesale funding*		*21,142,093*	*3,470,768*	*26,468,316*	*31,661,795*
10	Interdependent liabilities		—	—	—	—
11	Other liabilities:	1,556,413	7,700,355	—	516,463	516,463
12	*NSFR derivative liabilities*	*1,556,413*				
13	*All other liabilities and capital instruments not included in the above categories*		*7,700,355*	—	*516,463*	*516,463*
14	**Total available stable funding (ASF)**					**64,388,321**

Template EU LIQ2: Net Stable Funding Ratio (2/2)

	(in currency amount)	06/30/2024				
		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)					1,014,211
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		—	—	5,415,369	4,603,064
16	Deposits held at other financial institutions for operational purposes		—	—	—	—
17	Performing loans and securities:		17,071,869	3,887,454	41,469,134	41,545,903
18	*Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut*		*4,153,901*	—	*613,852*	*626,731*
19	*Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions*		*2,743,912*	*194,733*	*3,632,959*	*3,968,669*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*6,880,028*	*2,862,633*	*23,053,594*	*29,585,350*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		—	—	—	*4,637,228*
22	*Performing residential mortgages, of which:*		*269,114*	*272,865*	*6,717,290*	—
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		*269,114*	*272,865*	*6,717,290*	—
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*		*3,024,915*	*557,223*	*7,451,439*	*7,365,153*
25	Interdependent assets		—	—	—	—
26	Other assets:	—	6,120,311	51,732	5,213,134	7,464,759
27	*Physical traded commodities*				*47,327*	*40,228*
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		*591,819*	—	*71,977*	*564,227*
29	*NSFR derivative assets*		—			—
30	*NSFR derivative liabilities before deduction of variation margin posted*		*3,152,221*			*157,611*
31	*All other assets not included in the above categories*		*2,376,271*	*51,732*	*5,093,829*	*6,702,692*
32	Off-balance sheet items		384,332	374,793	8,875,266	483,214
33	**Total RSF**					**55,111,150**
34	**Net Stable Funding Ratio (%)**					**116.8336%**

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Template EU LIQ2: Net Stable Funding Ratio (1/2) – 03/31/2024

	(in currency amount)	03/31/2024				
		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	10,542,443	—	—	1,697,879	12,240,322
2	*Own funds*	*10,542,443*	—	—	*1,264,755*	*11,807,198*
3	*Other capital instruments*		—	—	*433,124*	*433,124*
4	Retail deposits		19,935,893	320,904	1,262,009	20,093,241
5	*Stable deposits*		*12,002,073*	*219*	—	*11,402,177*
6	*Less stable deposits*		*7,933,820*	*320,686*	*1,262,009*	*8,691,064*
7	Wholesale funding:		18,864,179	3,051,738	24,771,372	28,977,744
8	*Operational deposits*		—	—	—	—
9	*Other wholesale funding*		*18,864,179*	*3,051,738*	*24,771,372*	*28,977,744*
10	Interdependent liabilities		—	—	—	—
11	Other liabilities:	1,968,758	6,807,885	—	469,639	469,639
12	*NSFR derivative liabilities*	*1,968,758*				
13	*All other liabilities and capital instruments not included in the above categories*		*6,807,885*	—	*469,639*	*469,639*
14	**Total available stable funding (ASF)**					**61,780,945**

Template EU LIQ2: Net Stable Funding Ratio (2/2) - 03/31/2024

		03/31/2024				
		a	b	c	d	e
	(in currency amount)	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)					1,058,314
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		—	—	5,412,520	4,600,642
16	Deposits held at other financial institutions for operational purposes		—	—	—	—
17	Performing loans and securities:		15,692,345	5,088,585	40,499,129	40,610,754
18	*Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut*		*3,401,192*	*285,851*	*594,646*	*737,572*
19	*Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions*		*2,989,344*	*458,290*	*3,013,327*	*3,485,440*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*5,414,480*	*3,674,662*	*22,808,974*	*29,261,984*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		—	—	—	*4,639,204*
22	*Performing residential mortgages, of which:*		*267,271*	*271,293*	*6,722,957*	—
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		*267,271*	*271,293*	*6,722,957*	—
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*		*3,085,517*	*398,490*	*7,359,224*	*7,125,758*
25	Interdependent assets		—	—	—	—
26	Other assets:	—	6,941,316	4,528,806	9,260,076	7,248,527
27	*Physical traded commodities*				*48,429*	*41,165*
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		*782,832*	—	*93,233*	*744,655*
29	*NSFR derivative assets*		—			—
30	*NSFR derivative liabilities before deduction of variation margin posted*		*3,688,174*			*184,409*
31	*All other assets not included in the above categories*		*2,470,310*	*57,801*	*4,740,641*	*6,278,298*
32	Off-balance sheet items		434,450	350,440	8,911,349	487,425
33	**Total RSF**					**54,005,663**
34	**Net Stable Funding Ratio (%)**					**114.3972%**

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*		—			—
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**					**52,482,253**
34	**Net Stable Funding Ratio (%)**					**119.5508%**

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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)**					**60,444,309**

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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*		—			—
30	*NSFR derivative liabilities before deduction of variation margin posted*		*3,585,680*			*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 as at 09/30/2023**					**51,728,394**
34	**Net Stable Funding Ratio (%) as 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 among the lowest in the Italian panorama.[9] 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;
- 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;

[9] As at 30 June 2024 the Mediobanca Group had a Finrep Gross NPL ratio of 2.1%, near its lowest-ever levels, in part due to the sale of the purchased NPLs business.

— 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 based on individual analysis or automatic algorithms for recording non-performing positions that have not yet reached 90 days overdue. 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 Description of the methodologies used to determine loan loss provisions

Under IFRS 9 "Financial Instruments", assets which are not recognized in the financial statements at fair value on a recurring basis (financial assets and liabilities recognized at amortized cost and off-balance-sheet exposures) must be tested for impairment based on expected losses.

The internal rating models are the baseline instrument for establishing the risk parameters to be used in calculating expected losses, subject to the regulatory indicators in particular being adjusted for aspects which are not suitable to be used directly in an accounting environment (e.g. in some cases reconverting the data to reflect a point-in-time approach). Under IFRS 9, expected losses are calculated from the product of the PD, LGD and EAD metrics. The calculation is based on the outstanding duration of the instruments for which there has been a significant increase in credit risk ("Stage 2") or which show objective signs of impairment ("Stage 3"), and on a time horizon of twelve months for the instruments not included in the previous two categories ("Stage 1"). For off-balance-sheet exposures, credit conversion factors are used to calculate the expected losses, derived from application of the internal models; if there are no specific models, the factors associated with the standard EAD calculation are used.

The Group adopts qualitative and quantitative criteria to establish whether there has been a significant increase in credit risk, using backstop indicators, such as accounts which are thirty or more days overdue or have been classified as forborne, to assess whether or not they should be treated as Stage 2. Cases of low-risk instruments at the recording date are identified, compatible with classification as Stage 1 (low credit risk exemption), where there is at least a BBB- rating on the Standard & Poor's scale, or a corresponding internal PD estimate.

As required by IFRS 9, a change in forward-looking twelve-month PD is used as the benchmark quantitative metric for identifying positions to be classified as Stage 2. The Group has taken steps to replace 12-month PD with a different methodology in which lifetime PD is compared between the reference and origination dates. Both Compass and Mediobanca Premier have applied the

new methodology during this financial year. The change in lifetime PD for an exposure to be transferred to Stage 2, and the qualitative aspects observed, are specific for each Group Legal Entity.

Both exposures that are non-performing and those that are still compatible with being classified as performing may be classified as forborne. However, as stated in the previous sections, a position being assigned the status of "forborne" is incompatible with its being treated as Stage 1. For this reason, the minimum periods of time that an exposure can be assigned "forborne" status stipulated in the regulations in force on supervisory statistical reporting are reflected in the prudent transitions between Stages 1, 2 and 3. For instance, when concessions have been made in respect of exposures at Stage 2, the exposures in question cannot return to Stage 1 in less than two years, in line with the minimum duration of two years provided for the "forborne performing exposure" status (during this period, the status can only be downgraded to reflect the exposure's transition to non-performing). Similarly, exposures in Stage 3 cannot be returned to Stage 1 in less than three years, in line with the requirement for "non-performing forborne exposure" to retain this status for at least one year, followed (unless the non-performing status requires to be prolonged) by the minimum duration of two years for the "forborne performing exposure" status.

To return to Stage 1, exposures must give proof of having fully recovered their credit quality and the conditions requiring them to be classified as "forborne" must have ceased to apply. Accordingly, the monitoring to detect any new needs for exposures to transition back to Stages 2 or 3 is no different from the monitoring reserved to exposures which have not moved from Stage 1. Nonetheless, "forborne" exposures that have returned from Stage 3 to Stage 2 are subject to enhanced monitoring, for which, if there is a delay of more than thirty days in payment or if a new forbearance measure is applied, the exposure concerned returns immediately to Stage 3 on prudential grounds.

The provisioning reflects the sum of the expected credit losses (over a time horizon of twelve months, or using a lifetime approach [10] depending on which stage it is classified in), discounted at the effective interest rate. The expected credit loss is the result of the combined valuation of three scenarios, one baseline and two alternative scenarios. The scenarios, determined at Group level, are revised at least once every six months. Specifically they are defined by the Group Economic and Macro Strategy (GEMS) unit, which is also responsible for assigning their weightings.

In particular, the current macroeconomic scenario is marked by the stabilization of the geopolitical tensions between the Western bloc of countries and China. No provision has been made for further escalation in the Russia-Ukraine and Israel-Hamas conflicts. For energy costs and exchange rates, a trend in line with that already factored into the forward rates has been assumed. As regards the NRRP, a low probability of the funds being spent by the deadline of August 2026 has been

[10] The lifetime approach considers the exposure's contractual expiry where possible. For products without contractual expiries (such as credit cards, bills of exchange, cancellable credit lines, current accounts or overdrafts on current account), the calculation is made over a 12-month time horizon.

assigned, the baseline assumption being that the programme will be extended until December 2028 and the funds used pro rata over the estimate horizon. Inflation in the Eurozone is expected to decrease rapidly to reach the target figure of 1.9% per annum by end-December 2024. As regards Eurozone growth, the first half of 2024 is expected to be stagnant, with an acceleration starting in the second half-year, as real wages and international trade start to grow as well.

As well as the base scenario, the Group has defined two alternative scenarios, mild-positive and mild-negative, based on different expectations compared to the base scenario in terms of consumer household savings and growth estimates for the leading economies (US, UK, Eurozone).

The weightings of the scenarios used to determine the ECLs have been set at 55% for the baseline scenario, 15% for the mild-positive scenario, and 30% for the mild-negative scenario; these levels have been quantified analytically by the relevant unit.

The Mediobanca Group also uses additional provisions, or "overlays". The overlays have been applied to the Corporate portfolio (including Factoring and Leasing) in sectors that are particularly exposed to inflationary pressures, in order to detect any peaks in terms of risk that the quantitative picks up only on average. The overlays have also been maintained for the retail (Consumer Finance and mortgage lending) to combat the uncertainties of the macroeconomic scenario, in continuity with last year; in Consumer Finance, the reduction in the stock of overlays is due to the ECL generated by the model being absorbed to structural levels. The Group is revising the relevant internal regulations, with the objective of strengthening the governance for overlays, both in terms of the decision-making process and in terms of possible instances. This should be implemented in the course of FY 2024-25, in tandem with the areas for improvement emerging from the ECB's regular inspection activities being addressed.

In order to calculate the ECLs, sensitivity analysis has also been carried out for alternative macroeconomic scenarios, in order to measure how forward-looking factors can influence the expected losses in different scenarios based on consistent estimates of how different macroeconomic factors are likely to develop. This is because the potentially infinite number of interrelations between individual microeconomic factors means that sensitivity analysis of expected losses based on a single macroeconomic factor are relatively insignificant. In particular, the impact has been estimated in terms of ECL of applying the risk parameters obtained respectively from the adoption of a baseline scenario and two alternative scenarios, mild-positive and mild-negative.

The analysis has covered the exposures for the Group's main portfolios: the Wholesale Banking portfolio of Mediobanca S.p.A. and Mediobanca International, the Private Banking portfolio of Mediobanca, the mortgages disbursed in Italy by Mediobanca Premier, consumer credit operations by Compass, factoring business for MBFACTA, and leasing for SelmaBipiemme Leasing.

The ECL calculated in the event of the baseline scenario materializing reflects a change of +0.5% compared to the ECL pre-overlay. Calculated in the event of the mild-negative (mild-positive) scenario occurring, the ECL would be +2.3% (-1.6%) relative to the ECL post-overlay.

In the event of each of the mild-negative, baseline and mild-positive scenarios materializing with certainty, the relative change in the exposure classified as Stage 2 (gross carrying amount including both on-balance-sheet and off-balance-sheet items), is +1%, -0.8% and -2% respectively.

7.1.2 Details per business segment

Corporate lending

The Group's internal system for managing, evaluating and controlling credit risk reflects its traditional policy based on a prudent and highly selective approach. Lending decisions are based on individual analysis, which builds on adequate and often extensive knowledge of the borrower's business, assets and management, as well as the macro-economic framework in which it operates. At the analysis stage, all relevant documentation is obtained in order to appraise the borrower's credit standing and define the appropriate remuneration for the risk being assumed. The analysis also includes an assessment of the duration and amount of the loans being applied for, the provision of appropriate guarantees, and the use of covenants in order to prevent deteriorations in the counterparty's credit rating.

With reference to the correct application of Credit Risk Mitigation techniques, specific activities are implemented to define and meet all the requirements to ensure that the collateral and personal guarantees have the maximum mitigating effects on the exposures. In particular, during the twelve months under review, such activities have primarily involved the valuation of financial guarantees and taking out insurance coverage for exposures in Factoring business.

For the assumption of credit risk, all counterparties are analysed and assigned an internal rating, assigned by the Risk Management unit on the basis of internal models which takes into account the specific quantitative and qualitative characteristics of the counterparty concerned. Proposed transactions are also subject to the application of LGD models where appropriate.

Loans originated by the business divisions are assessed by the Risk Management unit and regulated in accordance with the powers deliberated and the policy for managing most significant transactions, through the different operating levels.

The Credit Risk Management unit also carries out a review of the ratings assigned to the counterparties at least once a year. Approved limits must also be confirmed by the approving body with the same frequency.

The provisions are calculated individually for non-performing items and based on PD and LGD indicators for the performing portfolio. For individual provisioning, valuations based on discounted cash flows and balance-sheet multiples are applied to businesses which constitute going concerns, while asset valuations are used for companies in liquidation. For provisioning in respect of performing loans, the PD parameters are obtained starting from through-the-cycle matrices used to develop the internal rating model, which are then converted to point-in-time versions. The LGD readings are calculated based on the modelling used for the regulatory calculation, net of the items most closely linked to the requirements for the internal models (the 45% floor, the downturn effect and indirect costs in particular). The parameters used to calculate the expected credit loss are in any case, like the regulatory parameters, revised on a regular basis by the internal units responsible. The forward-looking component of the models is factored in by applying the macroeconomic scenarios defined internally to the risk indicators.

In terms of monitoring the performance of individual credit exposures, Mediobanca has adopted an early warning methodology to identify a list of counterparties (known as the "watchlist") requiring in depth analysis on account of their potential or manifest weaknesses. The exposures identified are then classified by level of alert (amber or red for performing accounts, black for non-performing items) and are reviewed regularly to identify the most appropriate mitigation actions to be taken. The watchlist is also used to provide qualitative information regarding allocation to Stage 2, which includes counterparties classified as "amber" or "red" for watchlist purposes. All forborne positions are subject to specific monitoring; and it should be noted that forborne positions are also classified in the watchlist.

Leasing

Individual applications are processed using similar methods to those described above for Corporate Banking. Applications for smaller amounts are approved using a credit scoring system developed on the basis of historical series of data, tailored to both asset type and the counterparty's legal status (type of company).

The activities of analysis, disbursement, monitoring, and credit risk control are significantly supported by the company's information system; the asset being leased is also subject to a technical assessment.

With a view to aligning risk management with the current complex financial and market scenario, the approval rights have also been revised and the measurement and control processes enhanced through the institution of regular valuations of performing loans, including from an early warning (i.e. watch list) perspective. Sub-standard accounts are managed in a variety of ways which prioritize

either recovery of the amount owed or the asset under lease, according to the specific risk profile of the account concerned.

The quantification of provisions for non-performing accounts requires individual analysis to establish the estimated loss, taking into account inter alia the value of the assets resulting from regularly updated expert valuations, revised downwards on a prudential basis, and/or any other form of collateral. Scenarios for sales strategies are also factored in. The portfolio of performing accounts is measured on the basis of internal PD and LGD parameters. To define the PD parameters, through-the-cycle transition matrices for the management models based on internal data are used, which are then converted to point-in-time versions. The forward-looking component is factored in by applying the macroeconomic scenarios defined internally. The LGD estimates for the exposures differ according to type of product (vehicle leasing, core goods, yachts and property), and are subjected to the same macroeconomic scenarios defined internally to obtain forward-looking data.

In terms of criteria for reclassification of leases to Stage 2, in addition to the positions identified using the quantitative criterion of an increase in the PD, the forborne performing positions, or those more than thirty days past due, the evidence obtained from the parent company's watchlist for corporate clients has been used (counterparties classified as "Amber" or "Red" have been classified as Stage 2).

Consumer credit

Consumer credit operations are performed primarily by Compass Banca, where applications for finance are approved on the basis of a credit scoring system tailored to individual products. The scoring grids have been developed from internal historical series, enhanced by data provided by central credit bureaux. Points of sale are linked electronically to the company's headquarters, to ensure that applications and credit scoring results are processed and transmitted swiftly. Under the system of powers for approval assigned by the company's Board of Directors, for increasing combinations of amount and expected loss, approval is required by the relevant bodies at headquarters, in accordance with the authorization levels established by the Board of Directors.

From the first instance of non-payment, accounts are managed using the entire range of recovery procedures, including postal and telephone reminders, external recovery agents, or legal recovery action; in the event of minor signals such as a deferral (which is always treated as forbearance) or slight but repeated delays in conjunction with negative evidence found in external databases, the position is classified as being in default in accordance with the "unlikeliness to pay" principle. After six unpaid instalments (or four unpaid instalments in particular cases, such as credit cards), accounts are declared to have lapsed from the time benefit allowed under Article 1186 of the Italian Civil Code. As from the six months after such lapse has been established, accounts for which legal action

has been ruled out on the grounds of being uneconomic are sold via competitive procedures to factoring companies, at a fraction of the price compared to the principal amount outstanding, which, however, reflects their estimated realizable value.

Provisioning is determined collectively on the basis of PD, LGD and CCF metrics which are estimated using internal models. To estimate the PD and LGD parameters and for purposes of calculating the lifetime losses, through-the-cycle transition matrices are used. The matrices have been calculated separately by product type, according to the specific internal management process involved (e.g. credit cards, both revolving and non-revolving, special purpose loans, low-risk personal loans, high-risk personal loans, small tickets and salary-backed finance to public entities, private individuals or pensioners). Once the parameters unaffected by recent historical evidence have been obtained, the forward-looking component is factored in using the PDs, the related transition matrices and the LGDs, using specific macroeconomic models based on scenarios internal to the Group and recent trends in internal default and loss rates.

In consumer credit, in addition to the quantitative criterion based on changes in the PD on a lifetime basis, specific quality indicators are used to classify exposures as Stage 2, such as the existence of suspension measures, the existence of other non-performing accounts for the same borrower, and evidence of irregularities in payment in the recent past.

Loans that have been redefined when already in default have, since June 2024, been classified as POCI (Purchased and Originated Credit-Impaired) and written down on a lifetime basis, even in cases where they subsequently return to performing status.

Factoring

Factoring, a business in which MBFACTA specializes, includes both traditional factoring (i.e. acquisition of short-term trade receivables, often backed by insurance cover) and instalment factoring (acquiring loans from the selling counterparty, to be repaid via monthly instalments by the borrowers whose accounts have been sold, which in virtually all cases is a retail customer).

For traditional factoring, the internal units appraise the solvency of the sellers and the original borrowers via individual analysis using methodologies similar to those adopted for corporate lending, whereas for instalment factoring the acquisition price is calculated following due statistical analysis of the accounts being sold, and takes into consideration the projected recoveries, costs and margins.

Non-performing exposures to corporate counterparties are quantified analytically, while non-performing exposures to retail counterparties are based on the identification of clusters of exposures with similar characteristics. The portfolio of performing assets is valued on the basis of PD and LGD parameters. To define the PD parameters, for counterparties included in the Large Corporate scope,

the PD readings estimated internally using the Corporate PD model are used, while for counterparties not included in this particular scope, the revised parameters supplied by external providers or internal estimates based on the retail portfolio are used.

For transactions valued by Mediobanca S.p.A. as part of its corporate business, the parameters set in the parent company's process apply. The evidence obtained from the parent company's watchlist for corporate clients is also used as qualitative information for allocation to Stage 2, which includes counterparties classified as "amber" or "red".

Premier and Private Banking

Premier and Private Banking operations include granting loans as a complementary activity in serving affluent, high net worth and institutional clients, with the aim of providing them with wealth management and asset management services. Exposure to credit risk versus clients takes various forms, such as cash loans (by granting credit on current account or through short-, medium- or long-term loans), authorizing overdrafts on current account, endorsements, mortgages and credit limits on credit cards.

Loans themselves are normally backed by collateral or guarantees (pledges over the client's financial instruments, assets under management or administration, mortgages over properties or guarantees issued by other credit institutions).

Lending activity is governed through operating powers which require the proposed loan to be assessed at various levels of the organization, with approval by the appointed bodies according to the level of risk being assumed based on the size of the loan, guarantees/collateral and the type of finance involved. Such loans are reviewed on a regular basis (at least annually).

Provisioning for all non-performing contracts is made on an individual basis, and takes into account the value of the collateral. Provisions set aside in respect of the performing loan book are based on the estimated PD and LGD values supplied by external providers, distinguished by counterparty and whether or not there are guarantees. The LGD values used differ according on the type of collateral and guarantees involved. The evidence obtained from the parent company's watchlist for corporate clients is also used as qualitative information for reclassification to Stage 2, which includes counterparties classified as "amber" or "red".

Mortgage lending

Mortgage lending is provided primarily by Mediobanca Premier, and processing and approval exposures in this area are performed centrally at head office. The applications are approved, using

an internal rating model, based on individual appraisal of the applicant's income and maximum borrowing levels, as well as the value of the property itself. Risks are monitored on a monthly basis, ensuring the company's loan book is regularly assessed..

Properties established as collateral are subject to a statistical revaluation process which is carried out once a quarter. If the review shows a significant reduction in the value of the property, a new valuation is carried out by an independent expert. A new valuation is generally requested for properties established as collateral for positions which have become non-performing.

Accounts, both regular and irregular, are monitored through a reporting system which allows operators to monitor the trend in the asset quality and, with the help of the appropriate indicators, to enter positions at risk, to ensure that the necessary corrective action can be taken versus the credit policies.

Non-performing accounts are managed, for out-of-court credit recovery procedures, by a dedicated organizational structure with the help of external collectors. In cases where a borrower becomes insolvent (or in fundamentally similar situations), the property enforcement procedures are initiated through external lawyers. Internal procedures requires that cases with four or more unpaid instalments (not necessarily consecutive), cases with persistent irregularities, concessions generating a reduction of more than 1% in the financial obligation, and cases which, based on internal or external information (e.g. central databases, public and/or private), the unit responsible assesses should be classified as unlikely to pay. Exposures are classified as bad loans once the ineffectiveness of the recovery actions has been ascertained.

Exposures for which concessions have been granted are defined as forborne exposures, i.e. exposures subject to tolerance measures, performing or non-performing for which Mediobanca Premier grants amendments to the original terms and conditions of the contract in the event of the borrower finding itself in a state (proven or assumed) of financial difficulty, by virtue of which it is considered to be unlikely to be able to meet its borrowing obligations fully or regularly.

The ECL is quantified analytically for bad loans and based on clusters of similar positions for unlikely to pay, other overdue and performing accounts. The analytical share of the bad loans takes account of expert valuations of the assets (deflated on a prudential basis), as well as the timing and costs of the recovery process. To define the PD parameters in order calculate the lifetime losses, the through-the-cycle matrices used to develop the internal model are used, , which are then converted to point-in-time versions. The forward-looking component is factored in by applying the macroeconomic scenarios defined internally to the PD estimates. The LGD parameters are calculated based on the modelling used for the regulatory calculation, with the downturn effect removed. The inclusion of forward-looking elements in this case is based on satellite models applied to the macroeconomic

scenarios defined internally.

For purposes of classifying mortgage loans as Stage 2, as well as the quantitative criterion based on changes in the PD on a lifetime basis, specific qualitative indicators are also used, such as the loan in question being assigned worst internal rating class prior to default.

7.1.3 Exposure to sovereign credit risk

The banking book securities portfolio is worth a total of €8.8bn and chiefly consists of financial instruments with Italy country risk (61%, or €5.4bn); the remainder is invested in German government securities (13%), whereas 22% regards securities issued by the French and US governments. The average outstanding duration of the portfolio is 3.7 years, whereas the duration itself is shorter, at 2.1 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.

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	3,549,985	3,531,727	18,258	—	—	—
010	Loans and advances	60,146,343	56,844,098	2,624,302	1,336,715	—	1,208,751
020	*Central banks*	100,015	100,015	—	—	—	—
030	*General governments*	249,868	239,398	10,470	2,108	—	2,108
040	*Credit institutions*	4,970,886	4,970,878	8	—	—	—
050	*Other financial corporations*	8,504,750	7,842,559	81,778	7,163	—	527
060	*Non-financial corporations*	16,670,714	16,337,820	332,837	160,966	—	160,754
070	*of which SMEs*	*1,263,904*	*1,194,439*	*69,407*	*78,180*	—	*77,967*
080	*Households*	*29,650,110*	*27,353,428*	*2,199,209*	*1,166,478*	—	*1,045,362*
090	Debt securities	11,068,283	10,890,356	37,187	—	—	—
100	*Central banks*	—	—	—	—	—	—
110	*General governments*	8,882,459	8,868,954	—	—	—	—
120	*Credit institutions*	736,758	621,476	—	—	—	—
130	*Other financial corporations*	1,147,588	1,124,584	20,983	—	—	—
140	*Non-financial corporations*	301,478	275,342	16,204	—	—	—
150	Off-balance-sheet exposures	23,011,965	22,726,430	159,546	3,538	—	3,538
160	*Central banks*	—	—	—	—	—	—
170	*General governments*	7,891,710	7,891,710	—	—	—	—
180	*Credit institutions*	78,399	77,921	—	—	—	—
190	*Other financial corporations*	2,984,072	2,909,466	33,230	—	—	—
200	*Non-financial corporations*	8,872,194	8,799,361	51,210	2,190	—	2,190
210	*Households*	3,185,590	3,047,972	75,106	1,348	—	1,348
220	**Total as at 06/30/2024**	**97,776,576**	**93,992,611**	**2,839,293**	**1,340,253**	**—**	**1,212,289**
	Total as at 06/30/2023	**89,262,433**	**85,532,049**	**3,030,021**	**1,340,780**	**—**	**1,329,455**

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	(291)	(169)	(122)	—	—	—
010	Loans and advances	(691,575)	(301,344)	(369,910)	(923,062)	—	(834,666)
020	*Central banks*	—	—	—	—	—	—
030	*General governments*	(6,233)	(274)	(5,959)	(926)	—	(926)
040	*Credit institutions*	(198)	(198)	—	—	—	—
050	*Other financial corporations*	(11,968)	(10,039)	(1,929)	(7,097)	—	(461)
060	*Non-financial corporations*	(53,400)	(37,243)	(16,149)	(76,031)	—	(75,863)
070	*of which SMEs*	(15,087)	(7,733)	(7,346)	(59,419)	—	(59,251)
080	*Households*	(619,776)	(253,590)	(345,873)	(839,008)	—	(757,416)
090	Debt securities	(16,774)	(10,459)	(6,315)	—	—	—
100	*Central banks*	—	—	—	—	—	—
110	*General governments*	(3,170)	(3,170)	—	—	—	—
120	*Credit institutions*	(3,528)	(3,528)	—	—	—	—
130	*Other financial corporations*	(7,471)	(1,570)	(5,901)	—	—	—
140	*Non-financial corporations*	(2,605)	(2,191)	(414)	—	—	—
150	Off-balance-sheet exposures	20,793	17,536	2,652	602	—	602
160	*Central banks*	—	—	—	—	—	—
170	*General governments*	37	37	—	—	—	—
180	*Credit institutions*	—	—	—	—	—	—
190	*Other financial corporations*	3,748	2,868	880	—	—	—
200	*Non-financial corporations*	8,379	7,142	1,237	338	—	338
210	*Households*	8,629	7,489	535	264	—	264
220	**Total as at 06/30/2024**	**(729,433)**	**(329,508)**	**(378,999)**	**(923,664)**	**—**	**(835,268)**
	Total as at 06/30/2023	**(744,049)**	**(355,330)**	**(388,134)**	**(965,459)**	**—**	**(958,823)**

* It should be noted that the above template does not show, for performing exposures classified as Stage 1 and Stage 2, positions with an aggregate gross value of €847.1m and cumulative value reductions for a total amount of €605,000 for financial assets recognized at fair value, and of €97.5m (value adjustments of €20.3m) for non-performing assets acquired or originated.
** The template above does not show, for non-performing exposures classified as Stage 3, positions with an aggregate gross value of €6.6m (cumulative value reductions for a total amount of €6.6m) for financial assets recognized at fair value, and of €121.3m (value adjustments of €81.8m) for non-performing assets acquired or originated.

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	(961)	27,875,153	107,771
020	*Central banks*	—	—	—
030	*General governments*	—	27	—
040	*Credit institutions*	—	3,318,072	—
050	*Other financial corporations*	—	5,442,847	26
060	*Non-financial corporations*	(910)	5,143,435	31,386
070	*of which SMEs*	—	982,178	15,779
080	*Households*	(51)	13,970,772	76,359
090	Debt securities	—	283,371	—
100	*Central banks*	—	—	—
110	*General governments*	—	—	—
120	*Credit institutions*	—	—	—
130	*Other financial corporations*	—	283,371	—
140	*Non-financial corporations*	—	—	—
150	Off-balance-sheet exposures		1,280,003	721
160	*Central banks*		—	—
170	*General governments*		—	—
180	*Credit institutions*		—	—
190	*Other financial corporations*		277,707	—
200	*Non-financial corporations*		546,025	671
210	*Households*		456,271	50
220	**Total as at 06/30/2024**	**(961)**	**29,438,527**	**108,492**
	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	4,894,103	11,112,543	22,941,714	20,918,353	1,713	59,868,426
2	Debt securities	14,222	3,098,057	4,681,573	3,221,522	36,140	11,051,514
3	**Total as at 06/30/2024**	**4,908,325**	**14,210,600**	**27,623,287**	**24,139,875**	**37,853**	**70,919,940**

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

		06/30/2024
		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**1,582,068**
020	Inflows to non-performing portfolios	614,045
030	Outflows from non-performing portfolios	(859,398)
040	Outflow due to write-off	(51,971)
050	Outflow due to other situations	(807,427)
060	**Final stock of non-performing loans and advances**	**1,336,715**

It should be noted that the above table has been obtained from Finrep Tables "F18.00 Performing and non-performing exposures" and F18.1 "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	570,200	443,772	443,772	437,136
020	*Central banks*	—	—	—	—
030	*General governments*	—	—	—	—
040	*Credit institutions*	—	—	—	—
050	*Other financial corporations*	15,224	6,865	6,865	229
060	*Non-financial corporations*	151,386	58,351	58,351	58,351
070	*Households*	403,590	378,556	378,556	378,556
080	Debt securities	—	—	—	—
090	Loan commitments given	16,075	180	180	180
100	**Total as at 06/30/2024**	**586,275**	**443,952**	**443,952**	**437,316**
	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	(88,725)	(315,047)	194,794	35,165
020	*Central banks*	—	—	—	—
030	*General governments*	—	—	—	—
040	*Credit institutions*	—	—	—	—
050	*Other financial corporations*	(1,145)	(6,863)	109	2
060	*Non-financial corporations*	(8,782)	(44,470)	75,723	9,507
070	*Households*	(78,798)	(263,714)	118,962	25,656
080	Debt securities	—	—	—	—
090	Loan commitments given	583	67	49	—
100	**Total as at 06/30/2024**	**(89,308)**	**(315,114)**	**194,843**	**35,165**
	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 CQ3: Credit quality of performing and non performing exposures by past due days (1/2)

		a	b	c	d
		Gross carrying amount/nominal amount			Gross carrying amount/nominal amount
		Performing exposures			Non-performing exposures
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days	
005	Cash balances at central banks and other demand deposits	3,549,985	3,549,985	—	—
010	Loans and advances	60,146,343	60,000,939	145,404	1,336,715
020	*Central banks*	100,015	100,015	—	—
030	*General governments*	249,868	237,811	12,057	2,108
040	*Credit institutions*	4,970,886	4,970,885	1	—
050	*Other financial corporations*	8,504,750	8,474,492	30,258	7,163
060	*Non-financial corporations*	16,670,714	16,652,011	18,703	160,966
070	*of which SMEs*	1,263,904	1,258,663	5,241	78,180
080	*Households*	29,650,110	29,565,725	84,385	1,166,478
090	Debt securities	11,068,283	11,068,283	—	—
100	*Central banks*	—	—	—	—
110	*General governments*	8,882,459	8,882,459	—	—
120	*Credit institutions*	736,758	736,758	—	—
130	*Other financial corporations*	1,147,588	1,147,588	—	—
140	*Non-financial corporations*	301,478	301,478	—	—
150	Off-balance-sheet exposures	23,011,965			3,538
160	*Central banks*	—			—
170	*General governments*	7,891,710			—
180	*Credit institutions*	78,399			—
190	*Other financial corporations*	2,984,072			—
200	*Non-financial corporations*	8,872,194			2,190
210	*Households*	3,185,590			1,348
220	**Total as at 06/30/2024**	**97,776,576**	**74,619,207**	**145,404**	**1,340,253**
	Total as at 06/30/2023	**89,262,435**	**72,899,270**	**165,816**	**1,340,780**

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Template EU CQ3: Credit quality of performing and non performing exposures by past due days (2/2)

		e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount							
		Non-performing exposures							
		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	of which defaulted
005	Cash balances at central banks and other demand deposits	—	—	—	—	—	—	—	—
010	Loans and advances	427,495	135,294	214,072	209,222	204,532	72,044	74,056	1,336,715
020	*Central banks*	—	—	—	—	—	—	—	—
030	*General governments*	1,087	142	97	19	512	164	87	2,108
040	*Credit institutions*	—	—	—	—	—	—	—	—
050	*Other financial corporations*	130	9	20	44	21	6,928	11	7,163
060	*Non-financial corporations*	61,705	16,810	15,056	35,149	17,243	8,194	6,809	160,966
070	*of which SMEs*	30,664	5,926	5,886	7,834	15,840	7,105	4,925	78,180
080	*Households*	364,573	118,333	198,899	174,010	186,756	56,758	67,149	1,166,478
090	Debt securities	—	—	—	—	—	—	—	—
100	*Central banks*	—	—	—	—	—	—	—	—
110	*General governments*	—	—	—	—	—	—	—	—
120	*Credit institutions*	—	—	—	—	—	—	—	—
130	*Other financial corporations*	—	—	—	—	—	—	—	—
140	*Non-financial corporations*	—	—	—	—	—	—	—	—
150	Off-balance-sheet exposures								3,538
160	*Central banks*								—
170	*General governments*								—
180	*Credit institutions*								—
190	*Other financial corporations*								—
200	*Non-financial corporations*								2,190
210	*Households*								1,348
220	**Total as at 06/30/2024**	**427,495**	**135,294**	**214,072**	**209,222**	**204,532**	**72,044**	**74,056**	**1,340,253**
	Total as at 06/30/2023	**483,994**	**148,782**	**160,839**	**173,410**	**234,521**	**61,630**	**76,538**	**1,340,780**

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**	**72,551,346**	**1,336,716**	**1,336,716**	**71,823,551**
020	Italy	52,021,167	1,249,307	1,249,307	51,322,815
030	France	5,256,837	15,499	15,499	5,256,837
040	Germany	3,594,876	71	71	3,594,876
050	United States of America	2,049,636	7,751	7,751	2,049,636
060	Spain	1,947,439	136	136	1,934,228
070	Monaco	1,895,450	15,303	15,303	1,895,450
080	Other Countries	5,785,941	48,649	48,649	5,769,709
090	**Off-balance-sheet exposures**	**23,015,502**	**3,538**	**3,538**	
100	Italy	15,656,247	2,192	2,192	
110	France	1,311,789	1,335	1,335	
120	Germany	828,408	—	—	
130	United States of America	368,175	—	—	
140	Spain	807,767	—	—	
150	Monaco	582,251	—	—	
160	Other Countries	3,460,865	11	11	
170	**Total as at 30 June 2024**	**95,566,848**	**1,340,254**	**1,340,254**	**71,823,551**
	Total as at 30 June 2023	**81,388,183**	**1,691,470**	**1,691,470**	**65,039,613**

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**	**(1,624,775)**		**(6,636)**
020	Italy	(1,588,844)		(6,636)
030	France	(10,450)		—
040	Germany	(1,791)		—
050	United States of America	(3,578)		—
060	Spain	(2,041)		—
070	Monaco	(2,216)		—
080	Other Countries	(15,855)		—
090	**Off-balance-sheet exposures**		**(21,397)**	
100	Italy		(15,865)	
110	France		(1,547)	
120	Germany		(315)	
130	United States of America		(136)	
140	Spain		(320)	
150	Monaco		(187)	
160	Other Countries		(3,027)	
170	**Total as at 30 June 2024**	**(1,624,775)**	**(21,397)**	**(6,636)**
	Total as at 30 June 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	24,767	1,970	1,970	24,767	(1,568)	—
020	Mining and quarrying	3,605	109	109	3,605	(138)	—
030	Manufacturing	4,107,336	21,574	21,574	4,107,336	(28,668)	—
040	Electricity, gas, steam and air conditioning supply	777,870	46	46	777,870	(671)	—
050	Water supply	71,180	678	678	71,180	(515)	—
060	Construction	654,786	10,462	10,462	654,786	(9,281)	—
070	Wholesale and retail trade	1,355,727	16,596	16,596	1,355,727	(24,648)	—
080	Transport and storage	526,933	16,817	16,817	526,933	(3,301)	—
090	Accommodation and food service activities	66,146	2,368	2,368	66,146	(3,304)	—
100	Information and communication	1,007,597	1,487	1,487	1,007,597	(3,604)	—
110	Financial and insurance activities	1,404,169	7,790	7,790	1,404,169	(1,233)	—
120	Real estate activities	1,732,829	65,180	65,180	1,732,829	(32,119)	—
130	Professional, scientific and technical activities	4,013,231	2,338	2,338	4,013,231	(6,162)	—
140	Administrative and support service activities	776,992	6,260	6,260	776,992	(6,043)	—
150	Public administration and defence, compulsory social security	9	—	—	9	—	—
160	Education	3,497	105	105	3,497	(160)	—
170	Human health services and social work activities	116,234	5,246	5,246	116,234	(4,128)	—
180	Arts, entertainment and recreation	9,364	154	154	9,364	(206)	—
190	Other services	179,408	1,785	1,785	179,408	(3,681)	—
200	**Total as at 06/30/2024**	**16,831,680**	**160,965**	**160,965**	**16,831,680**	**(129,430)**	**—**
	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

		06/30/2024		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	(9)	76	(7)
020	Other than PP&E	53,475	(19,829)	51,093	(18,642)
030	*Residential immovable property*	—	—	—	—
040	*Commercial Immovable property*	53,475	(19,829)	51,093	(18,642)
050	*Movable property (auto, shipping, etc.)*	—	—	—	—
060	*Equity and debt instruments*	—	—	—	—
070	*Other collateral*	—	—	—	—
080	**Total**	**53,551**	**(19,838)**	**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 30 June 2024.

7.2 ECAIs

Qualitative information

Mediobanca uses the following ECAIs in order to determine risk weightings in connection with the standardized method:[11]

— 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:

Portfolio	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.

[11] 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	12,419,346	223,811	13,030,470	226,560	8,212	0.0619 %
2	Regional governments or local authorities	13,420	—	13,420	—	42	0.3124 %
3	Public sector entities	136,802	2	136,802	0	64,223	46.9460 %
4	Multilateral development banks	—	—	—	—	—	—
5	International organisations	238,886	—	238,886	—	—	—
6	Institutions	3,640,794	5,567,460	2,194,693	123,535	1,020,228	44.0089 %
7	Corporates	9,097,347	3,189,579	6,267,197	601,439	5,172,985	75.3131 %
8	Retail	3,084,768	1,018,996	2,708,529	186,895	1,470,428	50.7845 %
9	Secured by mortgages on immovable property	1,193,324	36,077	1,166,470	17,751	443,164	37.4224 %
10	Exposures in default	133,511	1,044	87,626	1,030	110,775	124.9491 %
11	Higher-risk categories	4,206	96,395	4,206	96,395	150,902	150.0000 %
12	Covered bonds	45,558	—	45,558	—	4,556	10.0000 %
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
14	collective investments undertakings	652,397	3,267	652,397	3,267	1,391,252	212.1896 %
15	Equity	2,442,560	—	2,442,560	—	7,597,877	311.0621 %
16	Other items	1,981,530	—	1,981,530	—	1,673,959	84.4781 %
17	**Total as at 06/30/2024**	**35,084,451**	**10,136,630**	**30,970,346**	**1,256,873**	**19,108,603**	**59.2934 %**
	Total as at 06/30/2023	**47,134,884**	**7,876,143**	**44,589,094**	**1,155,145**	**30,692,355**	**67.0956 %**

Template EU CR5 – Standardized Approach (1/3)

	Exposures classes	Classes of credit worthiness (Weighting Factors)					
		0%	2%	4%	10%	20%	35%
		a	b	c	d	e	f
1	Central governments or central banks	13,240,608	—	—	—	—	—
2	Regional governments or local authorities	13,210	—	—	—	210	—
3	Public sector entities	—	—	—	—	21,271	—
4	Multilateral development banks	—	—	—	—	—	—
5	International organisations	238,886	—	—	—	—	—
6	Institutions	—	142,524	—	—	941,540	—
7	Corporates	153,275	—	—	—	1,280,140	—
8	Retail	—	—	—	—	—	1,575,432
9	Secured by mortgages on immovable property	—	—	—	—	—	841,173
10	Exposures in default	—	—	—	—	—	—
11	Higher-risk categories	—	—	—	—	—	—
12	Covered bonds	—	—	—	45,558	—	—
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
14	Collective investment undertakings	27,070	—	—	—	1,582	—
15	Equity	—	—	—	—	—	—
16	Other items	336,667	—	—	—	216,456	—
17	**Total as at 06/30/2024**	**14,009,717**	**142,524**	**—**	**45,558**	**2,461,198**	**2,416,604**
	Total as at 06/30/2023	**13,689,901**	**45,528**	**—**	**9,707**	**1,855,833**	**2,451,934**

Template EU CR5 – Standardized Approach (2/3)

	Exposures classes	Classes of credit worthiness (Weighting Factors)					
		50%	70%	75%	100%	150%	250%
		g	h	i	j	k	l
1	Central governments or central banks	16,419	—	—	2	—	—
2	Regional governments or local authorities	—	—	—	—	—	—
3	Public sector entities	111,125	—	—	4,406	—	—
4	Multilateral development banks	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	808,117	—	—	426,047	—	—
7	Corporates	1,077,307	—	—	4,211,610	146,305	—
8	Retail	—	—	1,319,993	—	—	—
9	Secured by mortgages on immovable property	343,049	—	—	—	—	—
10	Exposures in default	—	—	—	44,418	44,238	—
11	Higher-risk categories	—	—	—	—	100,602	—
12	Covered bonds	—	—	—	—	—	—
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
14	Collective investment undertakings	489	—	—	155,913	412,552	—
15	Equity	—	—	—	444,172	—	200,276
16	Other items	—	—	—	1,293,566	—	134,841
17	**Total as at 06/30/2024**	**2,356,507**	**—**	**1,319,993**	**6,580,134**	**703,697**	**335,116**
	Total as at 06/30/2023	**2,130,618**	**—**	**13,792,531**	**8,719,680**	**649,724**	**308,314**

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	—	—	—	13,257,029	564,457
2	Regional governments or local authorities	—	—	—	13,420	199
3	Public sector entities	—	—	—	136,803	22,972
4	Multilateral development banks	—	—	—	—	—
5	International organisations	—	—	—	238,886	238,886
6	Institutions	—	—	—	2,318,228	76,836
7	Corporates	—	—	—	6,868,637	1,603,779
8	Retail	—	—	—	2,895,425	2,668,096
9	Secured by mortgages on immovable property	—	—	—	1,184,222	210,514
10	Exposures in default	—	—	—	88,656	53,128
11	Higher-risk categories	—	—	—	100,602	—
12	Covered bonds	—	—	—	45,558	—
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—
14	Collective investment undertakings	—	36,215	21,844	655,664	13,738
15	Equity	1,798,113	—	—	2,442,560	10,086
16	Other items	—	—	—	1,981,530	1,061,109
17	**Total as at 06/30/2024**	**1,798,113**	**36,215**	**21,844**	**32,227,219**	**6,523,800**
	Total as at 06/30/2023	**2,032,734**	**36,798**	**20,935**	**45,744,239**	**19,594,695**

7.3 Credit risk: disclosure on portfolios subject to AIRB methods

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 internal models for reporting purposes for the Mediobanca and Mediobanca International corporate lending portfolios, for the Mediobanca Premier Italian mortgage loan book, and also, as from September 2023, for the Compass Banca credit card and consumer credit loan books.

In June 2024, the Group submitted an application for a model change for the Corporate PD model, which has been 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.

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:

- During FY 2023-24, Mediobanca Premier brought the updated version of its internal models authorized by the ECB into operation, thus completing the rating system revision process initiated in 2019 with the re-estimate of the LGD model. In particular, starting with the regulatory reporting as at 31 December 2023, the capital requirements for credit risk in the mortgage loans to private individuals segment have been calculated using the PD and LGD indicators, recalibrated for the new DoD.

7.3.1 Scope of application for the IRB model

As of end-June 2024 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 cards and consumer credit loan books.

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 *inter alia* 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. As from 1 January 2025, with the introduction of Basel IV, the new LGD Foundation parameter of 40% will come into force.

7.3.3 Structure of the mortgage rating system

The Mediobanca Premier rating 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 originated by the Mediobanca Premier French branches, which ceased operations in 2009). Accordingly, for the "France" mortgage 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 card 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 ELbe 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.

7.3.4 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 estimate of the profitability is made during the preliminary assessment of a specific transaction and contributes to the final decision for approving the deal. Similar reasoning is used in Compass, not for each individual transaction but on a statistical basis, from an overall profitability net of risk value perspective. The risk parameters are also consistent with the Economic Profit metric 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 with which Mediobanca Premier is equipped, the renegotiation of the loan is considered forborne even if no objective status of financial difficulty has been declared, as this can be inferred 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 impairment 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, the indirect costs or the regulatory floor, and adjusts the discount rate. The forward-looking component is factored into the models 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.

For details on the specific measures adopted for the satellite models regarding the transmission of the macroeconomic effects to the risk parameters, reference is made to 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 (1/5)

		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
Corporates - Other	0.00 to <0.15	4,163,984	4,308,923	37.2351 %	5,948,417	0.0742 %	59	45.0226 %	3	1,375,659	23.1265 %	1,648	(2,064)
	0.00 to <0.10	4,163,984	4,308,923	37.2351 %	5,948,417	0.0742 %	59	45.0226 %	3	1,375,659	23.1265 %	1,648	(2,064)
	0.10 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
	0.15 to <0.25	2,210,029	1,083,611	41.1952 %	2,656,424	0.1940 %	51	45.2354 %	3	1,080,179	40.6629 %	1,866	(2,024)
	0.25 to <0.50	4,636,199	2,368,220	54.5039 %	5,896,251	0.4215 %	117	41.2499 %	3	3,239,734	54.9456 %	8,086	(11,577)
	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
	0.75 to <2.50	1,192,565	479,317	46.7427 %	1,415,610	1.2225 %	59	45.1542 %	3	1,471,296	103.9337 %	7,871	(12,255)
	0.75 to <1.75	1,192,565	479,317	46.7427 %	1,415,610	1.2225 %	59	45.1542 %	3	1,471,296	103.9337 %	7,871	(12,255)
	1.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
	2.50 to <10.00	137,469	177,626	49.9209 %	226,142	3.6980 %	21	43.6291 %	3	316,778	140.0793 %	3,715	(10,843)
	2.50 to <5.00	97,867	104,608	45.2202 %	145,171	2.8122 %	14	41.6767 %	3	179,801	123.8547 %	1,701	(5,987)
	5.00 to <10.00	39,602	73,018	56.6553 %	80,971	5.2860 %	7	47.1295 %	3	136,977	169.1680 %	2,013	(4,856)
	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
	10.00 to <20.00	—	—	—	—	—	—	—	—	—	—	—	—
	20.00 to <30.00	—	—	—	—	—	—	—	—	—	—	—	—
	30.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
	100.00 (Default)	11,759	1,515	50.0000 %	12,516	100.0000 %	3	46.8930 %	3	754	6.0226 %	5,809	(4,040)
	Sub-total	**12,352,005**	**8,419,212**	**43.4135 %**	**16,155,361**	**0.4494 %**	**310**	**43.6741 %**	**3**	**7,484,400**	**46.3277 %**	**28,996**	**(42,803)**

Template EU CR6 – IRB Approach: Exposures to or secured by corporates (2/5)

		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	4,102,590	13,263	100.0000 %	4,115,853	0.0320 %	37,783	26.7420 %	—	114,418	2.7799 %	357	(224)
	0.00 to <0.10	4,102,590	13,263	100.0000 %	4,115,853	0.0320 %	37,783	26.7420 %	—	114,418	2.7799 %	357	(224)
	0.10 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
	0.15 to <0.25	5,096,054	28,890	100.0000 %	5,124,944	0.1630 %	44,595	29.5250 %	—	553,360	10.7974 %	2,472	(1,412)
	0.25 to <0.50	1,493,016	12,054	100.0000 %	1,505,071	0.4300 %	15,244	29.3020 %	—	327,809	21.7803 %	1,899	(1,326)
	0.50 to <0.75	1,020,175	4,121	100.0000 %	1,024,295	0.7490 %	11,878	29.5130 %	—	330,467	32.2629 %	2,263	(17,435)
	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
	0.75 to <1.75	—	—	—	—	—	—	—	—	—	—	—	—
	1.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
	2.50 to <10.00	456,411	1,288	100.0000 %	457,699	3.2630 %	5,355	27.4740 %	—	348,091	76.0524 %	4,104	(19,836)
	2.50 to <5.00	456,411	1,288	100.0000 %	457,699	3.2630 %	5,355	27.4740 %	—	348,091	76.0524 %	4,104	(19,836)
	5.00 to <10.00	—	—	—	—	—	—	—	—	—	—	—	—
	10.00 to <100.00	46,450	—	—	46,450	31.7160 %	603	25.6190 %	—	73,446	158.1169 %	3,774	(7,250)
	10.00 to <20.00	—	—	—	—	—	—	—	—	—	—	—	—
	20.00 to <30.00	—	—	—	—	—	—	—	—	—	—	—	—
	30.00 to <100.00	46,450	—	—	46,450	31.7160 %	603	25.6190 %	—	73,446	158.1169 %	3,774	(7,250)
	100.00 (Default)	135,941	61	100.0000 %	136,002	100.0000 %	1,709	46.1960 %	—	56,766	41.7391 %	58,286	(70,224)
	Sub-total	**12,350,638**	**59,677**	**100.0000 %**	**12,410,315**	**1.5268 %**	**117,167**	**28.6664 %**	**—**	**1,804,356**	**14.5392 %**	**73,155**	**(117,707)**

* Given the difference between the two portfolios reported using AIRB models, the total has been completed only in those columns for which the amount shown refers to these exposures.

Template EU CR6 – IRB Approach: Exposures to or secured by corporates (3/5)

		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 - Qualifying revolving	0.00 to <0.15	—	9,517	56.1190 %	5,341	0.0980 %	2,975	67.5850 %	—	227	4.2581 %	4	(3)
	0.00 to <0.10	—	9,517	56.1190 %	5,341	0.0980 %	2,975	67.5850 %	—	227	4.2581 %	4	(3)
	0.10 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
	0.15 to <0.25	2	374,281	56.0600 %	209,826	0.1960 %	124,243	67.5850 %	—	15,788	7.5244 %	278	(107)
	0.25 to <0.50	17,931	406,508	56.0610 %	245,823	0.3310 %	116,055	65.2110 %	—	27,274	11.0950 %	530	(309)
	0.50 to <0.75	2,775	137,988	57.8180 %	82,558	0.5270 %	42,101	67.0610 %	—	13,648	16.5314 %	292	(108)
	0.75 to <2.50	95,832	410,226	49.4740 %	298,787	1.3190 %	141,411	65.7600 %	—	96,990	32.4614 %	2,592	(1,391)
	0.75 to <1.75	52,994	325,733	49.7630 %	215,087	1.0740 %	109,369	65.7970 %	—	60,236	28.0056 %	1,520	(735)
	1.75 to <2.50	42,838	84,494	48.3610 %	83,700	1.9500 %	32,042	65.6650 %	—	36,754	43.9117 %	1,072	(656)
	2.50 to <10.00	344,527	241,410	54.0780 %	475,076	4.9930 %	162,923	64.4140 %	—	386,140	81.2795 %	15,242	(12,175)
	2.50 to <5.00	118,094	134,383	51.6830 %	187,547	3.2000 %	67,888	64.7800 %	—	115,240	61.4458 %	3,886	(2,761)
	5.00 to <10.00	226,433	107,027	57.0850 %	287,529	6.1630 %	95,035	64.1760 %	—	270,900	94.2165 %	11,356	(9,414)
	10.00 to <100.00	210,237	75,301	45.5910 %	244,568	21.0370 %	95,071	59.4610 %	—	348,613	142.5426 %	29,821	(32,565)
	10.00 to <20.00	158,529	62,189	52.1990 %	190,991	13.6160 %	73,235	60.7090 %	—	265,296	138.9052 %	15,661	(16,751)
	20.00 to <30.00	—	—	—	—	—	—	—	—	—	—	—	—
	30.00 to <100.00	51,708	13,113	14.2520 %	53,577	47.4920 %	21,836	55.0140 %	—	83,317	155.5093 %	14,160	(15,814)
	100.00 (Default)	16,747	—	—	16,747	100.0000 %	8,387	54.2100 %	—	17,475	104.3468 %	7,681	(10,060)
	Sub-total	**688,051**	**1,655,231**	**53.8096 %**	**1,578,725**	**6.1774 %**	**693,166**	**64.4879 %**	**—**	**906,156**	**57.3980 %**	**56,439**	**(56,718)**

Template EU CR6 – IRB Approach: Exposures to or secured by corporates (4/5)

		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 - Other SME	0.00 to <0.15	10	—	—	10	0.0980 %	80	64.8880 %	—	1	12.8524 %	0	0
	0.00 to <0.10	10	—	—	10	0.0980 %	80	64.8880 %	—	1	12.8524 %	0	0
	0.10 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
	0.15 to <0.25	2,504	686	99.0010 %	3,183	0.1960 %	624	61.9980 %	—	637	20.0168 %	4	(4)
	0.25 to <0.50	23,827	1,728	82.3680 %	25,251	0.3310 %	3,909	55.7600 %	—	6,396	25.3321 %	47	(54)
	0.50 to <0.75	49,280	1,489	95.8330 %	50,707	0.5270 %	5,384	54.3170 %	—	16,473	32.4860 %	145	(164)
	0.75 to <2.50	179,515	3,037	89.7860 %	182,242	1.2000 %	13,911	54.9050 %	—	86,258	47.3318 %	1,206	(1,320)
	0.75 to <1.75	149,428	2,518	91.3580 %	151,728	1.0490 %	11,829	54.6890 %	—	68,597	45.2109 %	873	(937)
	1.75 to <2.50	30,087	519	82.1660 %	30,514	1.9500 %	2,082	55.9750 %	—	17,661	57.8777 %	333	(383)
	2.50 to <10.00	80,513	3,170	92.4080 %	83,443	4.2370 %	5,058	57.2200 %	—	55,562	66.5874 %	2,023	(2,422)
	2.50 to <5.00	50,936	1,744	91.7820 %	52,536	3.2000 %	3,142	57.2120 %	—	34,029	64.7734 %	963	(1,097)
	5.00 to <10.00	29,577	1,427	93.1740 %	30,907	5.9990 %	1,916	57.2340 %	—	21,533	69.6709 %	1,060	(1,324)
	10.00 to <100.00	22,633	559	78.5780 %	23,072	26.6340 %	1,833	51.4470 %	—	18,577	80.5163 %	3,149	(4,867)
	10.00 to <20.00	15,262	521	83.0200 %	15,695	13.6300 %	1,270	52.6070 %	—	12,530	79.8352 %	1,117	(2,110)
	20.00 to <30.00	—	—	—	—	—	—	—	—	—	—	—	—
	30.00 to <100.00	7,371	38	17.4630 %	7,378	54.3000 %	563	48.9800 %	—	6,047	81.9651 %	2,032	(2,757)
	100.00 (Default)	14,780	—	—	14,780	100.0000 %	1,236	68.7380 %	—	6,252	42.2982 %	9,659	(11,256)
	Sub-total	**373,062**	**10,668**	**90.2133 %**	**382,687**	**7.0565 %**	**32,035**	**55.7733 %**	**—**	**190,156**	**49.6899 %**	**16,233**	**(20,088)**

MEDIOBANCA

Template EU CR6 – IRB Approach: Exposures to or secured by corporates (5/5)

		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 - Other non SME	0.00 to <0.15	6,519	196	100.0000 %	6,715	0.0980 %	53,937	65.0130 %	—	1,135	16.9064 %	4	(7)
	0.00 to <0.10	6,519	196	100.0000 %	6,715	0.0980 %	53,937	65.0130 %	—	1,135	16.9064 %	4	(7)
	0.10 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
	0.15 to <0.25	154,181	8,507	100.0000 %	162,688	0.1960 %	239,322	59.8370 %	—	41,251	25.3561 %	191	(302)
	0.25 to <0.50	402,579	11,017	100.0000 %	413,596	0.3310 %	268,161	55.1320 %	—	135,967	32.8743 %	754	(1,125)
	0.50 to <0.75	603,252	9,059	100.0000 %	612,310	0.5270 %	218,354	52.6560 %	—	253,091	41.3338 %	1,699	(2,165)
	0.75 to <2.50	4,306,877	31,369	100.0000 %	4,338,246	1.3410 %	869,126	52.4760 %	—	2,683,108	61.8478 %	30,638	(32,976)
	0.75 to <1.75	3,108,434	23,476	100.0000 %	3,131,910	1.1060 %	664,617	52.1700 %	—	1,810,957	57.8228 %	18,109	(19,392)
	1.75 to <2.50	1,198,443	7,893	100.0000 %	1,206,336	1.9500 %	204,509	53.2730 %	—	872,152	72.2976 %	12,529	(13,584)
	2.50 to <10.00	4,656,015	31,380	100.0000 %	4,687,395	4.4610 %	722,752	55.5310 %	—	4,003,385	85.4074 %	116,930	(133,405)
	2.50 to <5.00	2,636,422	15,408	100.0000 %	2,651,830	3.2390 %	400,366	54.6580 %	—	2,157,857	81.3724 %	47,066	(51,448)
	5.00 to <10.00	2,019,593	15,972	100.0000 %	2,035,566	6.0540 %	322,386	56.6680 %	—	1,845,528	90.6641 %	69,864	(81,957)
	10.00 to <100.00	1,557,722	9,642	100.0000 %	1,567,364	23.0590 %	284,138	51.9110 %	—	1,715,351	109.4418 %	182,430	(295,247)
	10.00 to <20.00	1,144,651	9,440	100.0000 %	1,154,091	13.9650 %	205,048	53.5550 %	—	1,243,536	107.7502 %	85,658	(156,097)
	20.00 to <30.00	—	—	—	—	—	—	—	—	—	—	—	—
	30.00 to <100.00	413,070	202	100.0000 %	413,273	48.4560 %	79,090	47.3190 %	—	471,815	114.1656 %	96,772	(139,150)
	100.00 (Default)	867,038	21	100.0000 %	867,059	100.0000 %	185,975	63.8180 %	—	372,745	42.9896 %	523,522	(671,578)
	Sub-total	**12,554,183**	**101,190**	**100.0000 %**	**12,655,373**	**11.8580 %**	**2,841,765**	**54.5114 %**	**—**	**9,206,033**	**72.7441 %**	**856,169**	**(1,136,805)**
	Total as at 06/30/2024	**38,317,939**	**10,245,978**	**—**	**43,182,460**	**—**	**—**	**—**	**—**	**19,591,102**	**—**	**1,030,991**	**(1,374,121)**
	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 – Other SMEs, "Retail – Other non-SMEs", and "Retail exposures – Qualifying revolving" segments, broken down by PD bracket. The table refers to credit risk with exclusion of counterparty risk , reported in the EU CCR4 template.

Template EU CR6-A: Scope of the use of IRB and SA approaches

		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardized approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to a roll-out plan (%)	Percentage of total exposure value subject to IRB Approach (%)
		a	b	c	d	e
1	Central governments or central banks	12,131,258	12,033,419	100.0000%	—	—
1,1	*of which Regional governments or local authorities*		—	—	—	—
1,2	*of which Public sector entities*		—	—	—	—
2	Institutions	9,755,182	9,695,460	72.5307%	27.4693%	—
3	Corporates	24,008,923	23,201,909	23.0916%	7.3180%	69.5904%
3,1	*of which Corporates - Specialized lending, excluding slotting approach*		269,710	100.0000%	—	—
3,2	*of which Corporates - Specialized lending under slotting approach*		—	—	—	—
4	Retail	31,208,836	28,156,260	4.5140%	6.8821%	88.6039%
4,1	*of which Retail – Secured by real estate SMEs*		304,411	100.0000%	—	—
4,2	*of which Retail – Secured by real estate non-SMEs*		12,277,264	0.1164%	—	99.8836%
4,3	*of which Retail – Qualifying revolving*		801,536	—	—	100.0000%
4,4	*of which Retail – Other SMEs*		829,036	56.3092%	—	43.6898%
4,5	*of which Retail – Other non-SMEs*		13,944,013	3.4815%	13.8965%	82.6221%
5	Equity	1,902,596	1,901,652	100.0000%	—	—
6	Other non-credit obligation assets	1,361,661	1,340,608	100.0000%	—	—
7	**Total**	**80,368,455**	**76,329,308**	**37.9101%**	**8.2523%**	**53.8376%**

Template 7.3.1 –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 for the LGD Model at 45%.

	a	b	c
Geography	EAD post CRM and post CCF	Average PD	Average LGD [12]
Italy	7,532,283.52	0.36%	44.11%
France	1,876,251.91	0.37%	39.84%
Spain	1,498,204.45	0.20%	45.37%
Germany	730,796.73	0.15%	46.22%
United Kingdom	565,484.84	0.67%	33.83%
Netherlands	755,461.95	0.21%	45.36%
Luxembourg	931,726.57	0.36%	44.28%
Other European countries	895,607.08	0.31%	45.00%
United States	1,150,505.22	0.26%	45.19%
Rest of the world	206,522.12	0.52%	45.00%

The "Exposures guaranteed by properties" segment contains exposures that are concentrated in Italy; out of a total performing exposure of €12,274m, the average weighted PD and LGD per exposure are 0.50% and 28.02% respectively.

The "Retail Exposures" segment contains exposures that are concentrated in Italy; out of a total performing exposure of €13,718m, the average weighted PD and LGD per exposure are 5.65% and 55.02% respectively.

[12] Average LGD values below 45% depend on the presence of financial guarantees in the portfolio that reduce LGD values.

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

		06/30/2024	
		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**	**19,591,107**	**19,591,107**
6	Central governments and central banks	—	—
7	Institutions	—	—
8	Corporates	7,484,400	7,484,400
8,1	*of which Corporates - SMEs*	—	—
8,2	*of which Corporates - Specialized lending*	—	—
9	Retail	12,106,708	12,106,708
9,1	*of which Retail – SMEs - Secured by immovable property collateral*	—	—
9,2	*of which Retail – non-SMEs - Secured by immovable property collateral*	*1,804,356*	*1,804,356*
9,3	*of which Retail – Qualifying revolving*	*906,159*	*906,159*
9,4	*of which Retail – SMEs - Other*	*190,156*	*190,156*
9,5	*of which Retail – Non-SMEs- Other*	*9,206,035*	*9,206,035*
10	**TOTAL as at 06/30/2024 (including F-IRB exposures and A-IRB exposures)**	**19,591,107**	**19,591,107**
	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	16,155,361	3.8936 %	—	—	—	—	—
3,1	*of which Corporates – SMEs*	—	—	—	—	—	—	—
3,2	*of which Corporates – Specialized lending*	—	—	—	—	—	—	—
3,3	*of which Corporates – Other*	*16,155,361*	*3.8936 %*	—	—	—	—	—
4	Retail	27,027,109	—	45.8792 %	45.8792 %	—	—	—
4,1	*of which Retail – Immovable property SMEs*	—	—	—	—	—	—	—
4,2	*of which Retail – Immovable property non-SMEs*	*12,410,315*	—	*99.9154 %*	*99.9154 %*	—	—	—
4,3	*of which Retail – Qualifying revolving*	*1,578,728*	—	—	—	—	—	—
4,4	*of which Retail – Other SMEs*	*382,687*	—	—	—	—	—	—
4,5	*of which Retail – Other non-SMEs*	*12,655,380*	—	—	—	—	—	—
5	**Total as at 06/30/2024**	**43,182,470**	**1.4567 %**	**28.7149 %**	**28.7149 %**	**—**	**—**	**—**
	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)		RWEA without substitution effects (reduction effects only)	Funded credit Protection (FCP)
		Part of exposures covered by Other funded credit protection (%)			Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)		
		Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Cash on deposit (%)				
		h	i	j	k	l	m	n
1	Central governments and central banks	—	—	—	—	—	—	—
2	Institutions	—	—	—	—	—	—	—
3	Corporates	—	—	—	—	—	7,511,958	7,484,400
3,1	*of which Corporates – SMEs*	—	—	—	—	—	—	—
3,2	*of which Corporates – Specialized lending*	—	—	—	—	—	—	—
3,3	*of which Corporates – Other*	—	—	—	—	—	*7,511,958*	*7,484,400*
4	Retail	—	—	—	—	—	12,106,708	12,106,708
4,1	*of which Retail – Immovable property SMEs*	—	—	—	—	—	—	—
4,2	*of which Retail – Immovable property non-SMEs*	—	—	—	—	—	*1,804,356*	*1,804,356*
4,3	*of which Retail – Qualifying revolving*	—	—	—	—	—	*906,159*	*906,159*
4,4	*of which Retail – Other SMEs*	—	—	—	—	—	*190,156*	*190,156*
4,5	*of which Retail – Other non-SMEs*	—	—	—	—	—	*9,206,035*	*9,206,035*
5	**Total as at 06/30/2024**	**—**	**—**	**—**	**—**	**—**	**19,618,665**	**19,591,107**
	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 in the third and fourth quarters of the financial years, with a breakdown by the reasons for the change.

		a	b
		RWA	Capital requirements
1	**Risk weighted exposure amount as at the end of the previous reporting period (12/31/2023)**	**20,881,455**	**1,670,516**
2	Asset size	203,262	16,261
3	Asset quality	(122,349)	(9,788)
4	Model updates	—	—
5	Methodology and policy	—	—
6	Acquisitions and disposals	(15,440)	(1,235)
7	Foreign exchange movements	15,327	1,226
8	Other	—	—
9	**Risk weighted exposure amount as at the end of the reporting period (03/31/2024)**	**20,962,255**	**1,676,980**

In the three months ended 30 June 2024, there was a reduction in RWAs concentrated in the "Exposures to corporates – Others" segment, primarily due to a single large sub-investment grade exposure (with a nominal value of approx. €500m). There were no significant changes in the "Exposures guaranteed by properties" segment.

The "Retail Exposures" segment shows a reduction in RWAs classified as "Others", as a result of the benefit added by the first SRT securitization issue.

		a	b
		RWA	Capital requirements
1	**Risk weighted exposure amount as at the end of the previous reporting period (03/31/2024)**	**20,986,254**	**1,678,900**
2	Asset size	(766,891)	(61,351)
3	Asset quality	(7,297)	(584)
4	Model updates	—	—
5	Methodology and policy	—	—
6	Acquisitions and disposals	(27,523)	(2,202)
7	Foreign exchange movements	9,530	762
8	Other	(602,966)	(48,237)
9	**Risk weighted exposure amount as at the end of the reporting period (06/30/2024)**	**19,591,107**	**1,567,289**

Template EU CR9 – IRB approach: Back-testing of PD per exposure class (PD fixed scale)

The table below shows a comparison between the PD values and default rates observed internally for the Large Corporate and "Retail exposures – Exposures guaranteed by properties" portfolios. As regards the "Retail exposures – Other SMEs, "Retail exposures – Other non-SMEs" and "Retail exposures – Qualifying revolving" portfolio, as this was not IRB-authorized at 30 June 2023, the template has not been compiled for the 30 June 2024 reference date.

With reference to the Corporate segment, two instances of default were recorded in the course of the year. Both instances observed were in the PD 2.5% - 5% bucket, translating to an annual default rate of 6.25%, due in part to the small number of counterparties included in the bucket (32). It is, moreover, the only bucket for which the annual default rate is higher than the average PD. It should be noted, however, that in the aggregate 2.5% - 10% PD bucket, the default rate is substantially in line with the PD observed (at 4.65%, vs 4.42%).

In general, if we compare the average PD readings by credit rating class with the historical default rates observed (the latter calculated as the average default rates recorded in the past five years), we may note that for each segment the historical rates are in line with, or indeed slightly lower than, the theoretical PD values. One significant case in which this does not occur is the PD 5-10% bucket of the Corporate segment, where the rate recorded (20%) is much higher than the notional PD (5.09%): this case, however, refers to a PD bucket which contains only a few counterparties, the historical default rate for which derives from FY 2019-20, when there were only two counterparties at the start of the financial year, both of which entered default during the twelve months. No other instances of counterparties in this bucket have been recorded since FY 2019-20, but the 100% rate recorded in that year causes an average historical default rate of 20% for the past five years. Because of this instance, the historical default rate is not representative of the average risk of such counterparties, partly because there have been no instances of default in this bucket in the last four years.

In general terms, the back-testing has not revealed any particular problems regarding the models' predictive abilities.

A-IRB - Exposure to or guaranteed by companies – other companies

a	b	c	d	e	f	g	i
Exposure class	PD range	Number of obligors at the end of the previous year	*of which: number of obligors which defaulted during the year*	Default rate	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
	0.00 to <0.15	38	—	—	0.0742 %	0.0616%	—
	0.00 to <0.10	38	—	—	0.0742 %	0.0616%	—
	0.10 to <0.15	—	—	—	—	—	—
	0.15 to <0.25	44	—	—	0.1940 %	0.1553%	—
	0.25 to <0.50	117	—	—	0.4215 %	0.3444%	0.1724%
	0.50 to <0.75	—	—	—	—	—	—
	0.75 to <2.50	75	—	—	1.2225 %	1.2042%	0.2062%
	0.75 to <1.75	75	—	—	1.2225 %	1.2042%	0.2062%
	1.75 to <2.50	—	—	—	—	—	—
	2.50 to <10.00	43	2	4.6512%	3.6980 %	4.4164%	2.2594%
	2.50 to <5.00	32	2	6.2500%	2.8122 %	2.8122%	1.2500%
	5.00 to <10.00	11	—	—	5.2860 %	5.0864%	20.0000%
	10.00 to <100.00	—	—	—	—	—	—
	10.00 to <20.00	—	—	—	—	—	—
	20.00 to <30.00	—	—	—	—	—	—
	30.00 to <100.00	—	—	—	—	—	—
	100.00 (Default)	3	—	—	100.0000 %	100.0000%	—

A-IRB - Retail exposures: secured by properties

a	b	c	d	e	f	g	i
Exposure class	PD range	Number of obligors at the end of the previous year	*of which: number of obligors which defaulted during the year*	Default rate	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
	0.00 to <0.15	81,311	48	0.0590%	0.0320%	0.0927%	0.0747%
	0.00 to <0.10	36,563	4	0.0109%	0.0320%	0.0300%	0.0297%
	0.10 to <0.15	44,748	44	0.0983%	—	0.1440%	0.1059%
	0.15 to <0.25	—	—	—	0.1630%	—	—
	0.25 to <0.50	14,636	17	0.1162%	0.4300%	0.3825%	0.1904%
	0.50 to <0.75	12,071	37	0.3065%	0.7490%	0.6720%	0.3719%
	0.75 to <2.50	—	—	—	—	—	—
	0.75 to <1.75	—	—	—	—	—	—
	1.75 to <2.50	—	—	—	—	—	—
	2.50 to <10.00	5,966	121	2.0282%	3.2630%	3.9676%	2.0019%
	2.50 to <5.00	5,966	121	2.0282%	3.2630%	3.9676%	2.0019%
	5.00 to <10.00	—	—	—	—	—	—
	10.00 to <100.00	641	153	23.8690%	31.7160%	32.3199%	21.8014%
	10.00 to <20.00	—	—	—	—	—	—
	20.00 to <30.00	—	—	—	—	—	—
	30.00 to <100.00	641	153	23.8690%	31.7160%	32.3199%	21.8014%
	00.00 (Default)	1,847	—	—	100.0000%	100.0000%	—

Template EU CR9.1 – IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)

The table below shows a different view from that of EU Template CR9, which also shows the correspondence between the internal PD buckets and the ratings issued by an external ECAI for those exposures whose PD is estimated as specified in point (f) of Article 180(1) of the CRR. The table contains only exposures forming part of the Corporate portfolio; and it should be remembered in particular that the model was developed based on a shadow rating approach, i.e. the model sought to replicate the ratings of a rating agency. In Mediobanca's case, the ECAI concerned is S&P. As with Table EU CR9, in this case too no particular problems emerged regarding the predictive power of the models.

a	b	c	d	e	g	h	i
Exposure class	PD range	External rating equivalent	Number of obligors at the end of the year	*of which: number of obligors which defaulted during the year*	Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
	0 to < 0.001	AAA	—	—	—	—	—
	0.001 to < 0.009	AA+ to AA-	—	—	—	—	—
	0.009 to < 0.06	A+ to A-	17	—	—	0.0379%	—
	0.06 to < 0.358	BBB+ to BBB-	133	—	—	0.2287%	—
	0.358 to < 2.06	BB+ to BB-	124	—	0.8065%	0.8924%	0.3012%
	2.06 to < 11.978	B+ to B-	43	2	2.3256%	4.4164%	1.6814%
	11.978 to < 100	CCC/C	—	—	—	—	—
	100 (Default)	D	3	—	—	100.0000%	—

Section 8 – ESG risks

Introduction

In line with the EBA Guidelines issued in January 2022,[13] 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,[14] require the disclosure to consist of three qualitative sections to define Environmental, Social and Governance risks, plus a total of ten quantitative templates (the "Templates"), four of which on climate change transition risk, one on climate change physical risk, plus five with quantitative data on the actions that credit institutions are implementing in order to mitigate risks linked to climate change, including information on EU Taxonomy[15] (GAR and BTAR) and any other mitigation actions.

In line with the phase-in period envisaged by the EBA, this document contains the disclosure on alignment with the Paris Agreement objectives for the different sectors (Template 3 – Climate change risk: alignment metrics). Of the ten templates in total, eight have already been published in the previous disclosures, including the reporting on greenhouse gas emissions financed (scope 1, 2 and 3), whereas Template 9 on the Banking Taxonomy Alignment Ratio (BTAR) is required from end-December 2024, on a voluntary basis.

Finally, it should be noted that the information shown here, required by Article 8 of Regulation (EU) 2020/852, reflects the contents of the Consolidated Non-Financial Statement (CNFS) and/or the climate report drawn up on the basis of the Task Force on Climate-Related Financial Disclosure (TCFD) protocol for FY 2023-24 (both updated based on the situation at 30 June for each year).

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

8.2 Qualitative information

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

Given that the assignment of roles and responsibilities is a common issue to all three spheres, i.e. Environmental, Social and Governance, it is described jointly here in the paragraphs that follow.

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.

With reference to the roles and responsibilities on ESG issues, it should be noted that:

- The **Sustainability Committee** checks that the Group is positioned correctly relative to its strategy for sustainable growth over time, in terms of valorizing its people, sensitivity to social issues, and the reduction of its direct and indirect impact on the environment. In this connection, the Committee is responsible for prior analysis of sustainability issues to be submitted to the approval of the Board of Directors, including in particular the Group Sustainability Policy, the Group ESG Policy, the Consolidated Non-Financial Statement (the "CNFS"), and the ESG strategy, the latter based on the CEO's proposal;
- The **Risks Committee** performs duties of monitoring, analysis and support to the Board of Directors, including in order to define the guidelines of the internal control and risk management system, to ensure that the principal risks (including ESG risks, in particular environmental and climate risks) are correctly identified, and adequately measured, managed and monitored;
- 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 sustainability issues in the relevant areas.

As far as regards the roles and responsibilities of the steering and management committees for ESG risk-related issues, the following should be noted:

- The **ESG Committee** is responsible for governance of sustainability issues and ensuring that the Group is positioned correctly regarding them. The Committee is also responsible for: drawing up the Group Sustainability Policy and the Group ESG Policy, and for supervising their application in

the policies adopted by the Group Legal Entities, and for promoting the adoption of consistent practices at Group level; expressing a prior opinion on draft versions of the CNFS, the reports compiled in accordance with the requirements of the Task Force on Climate-Related Financial Disclosures (the "TCFD Report"), and the documents which the Group is required to publish having adhered to both the Principles for Responsible Banking and the Net-Zero Banking Alliance; defining the methods of communication, selection of the charitable initiatives for the Group to support and monitoring their performance; expressing its prior opinion on the Group Transition Plan and the targets to reduce PAIs ("Principal Adverse Impacts") for the individual portfolio management service; and monitoring the Group's positioning in terms of ESG product offering and its contribution to the Group's results;

— The **Group Risk Management Committee** (GRMC), with reference to ESG issues in particular, defines and updates the framework for managing the impacts deriving from ESG factors (including environmental and climate risks), decides how to apply them at the regulatory risk level, and assesses the methodological structure at regular intervals, carrying out monitoring to ensure that the measures adopted remain effective overall.

Within the organizational model itself, many units are also involved in managing and assessing climate and environmental risks and opportunities, in particular the following:

- **Group Sustainability** supports senior management, in defining the sustainability policies and assessing whether or not to adhere to ESG agreements/initiatives. With regard to the latter, the unit is responsible for setting the targets (where applicable), and supervises their application within the Group's operations. The unit supports the development of ESG financial products and services in the various business lines, engaging with the reference stakeholders, and monitoring the indirect impacts on the Group. The unit is also responsible for compiling the TCFD Report and the Consolidated Non-Financial Statement (CNFS), which includes the disclosure required by the EU Taxonomy Regulation;

- **Group Chief Financial Office (CFO)** contributes to defining the Group ESG strategy, supervises the process and consolidates the data, and monitors the quantitative ESG KPIs included in the Strategic Plan/budget. It co-ordinates the planning/budget process (including climate-related aspects), and carries out *ex-post* monitoring on it. It also prepares the Basel III Pillar III Disclosure to the Public, including on ESG issues. It also helps to prepare the EU Taxonomy Regulation reporting, and compiles the annual reporting for the Green, Social and Sustainable Bond Framework;
- **Group HR**, In relation to activities involved in setting up the Group's remuneration and reward system, co-operates actively with Group Sustainability and the CFO area in defining objectives consistent with the Group's strategies 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 the 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;
- **Group Strategy,** supports the Chief Executive Officer in identifying and communicating the Group's general strategies. It also monitors the strategies' implementation and achievement of the quantitative targets set in the Strategic Plan;
- **IT,** which 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, and 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 by identifying possible business opportunities in the ESG area. They receive the ESG objectives deriving from the Group's membership of ESG agreements/initiatives from Group Sustainability, and translate them into concrete business proposals to be included in the Strategic Plan/annual budget. They formulate proposals for developing credit from an ESG perspective, in order to direct lending policies in line with the ESG Credit Guidance and RAF. They carry out controls 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.).

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

Second line of defence

The **Group Risk Management** unit, 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 dialogue with the JST, monitors the external regulations and best practices on ESG issues for the 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.[16] and is submitted to the approval of the competent bodies as part of the ICAAP process;

- and is submitted to the approval of the competent bodies as part of the ICAAP process;
- 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 structures and 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 and Group Anti Money Laundering (AML)**, with regard to ESG issues, in line with its mandate, governs the relevant regulations for compliance issues, both directly and indirectly through the relevant units of the Bank. The AML unit is also responsible for governance of greenwashing risk, an area that has been enhanced during the twelve months under review.

Third line of defence

[16] It should be noted that the data is updated annually with reference date 31 December.

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, the following data is used: the client's internal data at counterparty level;[17] external public data;[18] information from data providers;[19] and research institution data.[20]

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

1. Environmental

The Group is aware that effective management of its own direct and indirect environmental impact is a major challenge in its efforts to address climate change, and for this reason is committed to setting and achieving sustainable development goals and to measuring its performance over time. Some of the most significant objectives include devising a Transition Plan which is able to direct the Group's strategy towards achieving the Paris Agreement climate objectives.

Group Transition Plan

As a member of the Net-Zero Banking Alliance, Mediobanca is required to publish a Group Transition Plan describing its efforts to reach its net-zero targets.

The Group Transition Plan consists of short-, medium- and long-term synergistic actions and measures. The Mediobanca has adopted the Glasgow Financial Alliance for Net Zero (GFANZ) guidelines for financial institutions on drawing up their Transition Plans. In line with this framework, the Group's approach is described below, based on the following "actions" and "levers":

— Foundations: establishment of net-zero goals and priorities, with the aim of adhering to net-zero targets and identifying strategic priorities in order to enable emission reductions, in line with the 2023-26 Strategic Plan "One Brand-One Culture";

[17] E.g. economic sector codes used for statistical purpose.
[18] E.g. CNFS.
[19] E.g. ESG ratings, ESG pillar scores, Controversies.
[20] E.g. UNEP FI used to compile the ESG Heatmap.

- **Implementation strategy**: the strategy that the Group is deploying to embed the net-zero commitment into day-to-day business activities;
- Engagement: to foster dialogue with clients and other key stakeholders on their transition through engagement activities with clients, industry associations and investors;
- Metrics and targets: used to set and monitor net-zero targets and the enabling levers;
- ESG governance: defining new roles, responsibilities and compensation for the Bank's governing bodies aligned with net-zero objectives.

Portfolio emissions intensity targets and portfolio alignment

In the TCFD Report, updated as at 30 June 2024, to which reference is made for further details, the Group has set and disclosed the climate objectives for its proprietary credit exposure in all the sectors required by its commitment to Net-Zero Banking Alliance (UNEP FI initiative), including, as from this year for the first time, the Iron & Steel, Chemical and Oil & Gas sectors, based on the two approaches adopted by the Group: SDA (Sectoral Decarbonization Approach) and GEVA (GHG per Economic Value Added) depending on their applicability in each case.

To quantify these objectives, the Mediobanca Group has carried out specific portfolio alignment analysis.[21] This activity will allow the Bank to assess possible changes to the composition of its portfolio, in order to align itself with the objectives set by the Paris agreement, and to monitor the exposure to transition risk. Reference is made to the section entitled "Portfolio alignment" of the TCFD Report. For the first time, this Disclosure to the Public also includes an indication on the progress made in achieving these targets (Template no. 3), further information on which is available in the TCFD Report.

In accordance with the Net-Zero Banking Alliance requirements, the portfolio sector targets are complemented by the calculation of the absolute emissions financed for all sectors (Scope 3, Category 15 GHG Protocol); this calculation is made on the basis of the "Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition" (2022) Standard and Methodology compiled by the Partnership for Carbon Accounting Financials Partnership for Carbon Accounting Financials (PCAF).

The achievement of these objectives is strongly dependent on the degree of awareness with which the business areas address this issue in their ordinary activities. For this reason, the business areas have been provided with specialist training on decarbonization, with a view to strengthening the competences necessary in order to assess and monitor the clients' plans for alignment with the Paris Agreement targets. The courses run during the year under review involved an illustration of the

[21] To carry out this analysis, Mediobanca has used a methodology that allows it to assess the climate transition risk to which the Bank's counterparties are exposed, assessing to what degree their emissions levels, current and future (measured based on the transition plans launched by the counterparties themselves), are compatible with achievement of the Paris Agreement objectives to limit global warming.

regulatory, climate risk, technology and decarbonization framework in which the counterparties operate in the sectors for which specific targets have been set. The levers available to the banking sector to reach its decarbonization portfolio targets have also been analysed.

Targets contained in the 2023-26 Strategic Plan "One Brand-One Culture"

In the 2023-26 Strategic Plan "One Brand-One Culture", the Mediobanca Group has set itself the objective of supporting clients in their ESG transition strategies by providing them with specific advisory activities, of allocating capital with an ESG focus, and strengthening the ESG product offering to be structured for all the divisions featured in it (Wealth Management, Consumer Finance and Corporate & Investment Banking).

The Group has set itself the objective of reducing the carbon intensity of the CIB loan book[22] by at least 18% by 2026 (the Strategic Plan time horizon) and by 35% by 2030, and of the CIB loan book and proprietary investing portfolio (in all markets) completely exiting both the coal and the tobacco industries.

In its journey towards reducing its own direct impact, this year too the Group has used only electricity 100% obtained from renewable sources, and has again neutralized its own carbon emissions (Scope 1 and Scope 2 market-based); reference is made to the TCFD Report and the Consolidated Non-Financial Statement for further details.

In the sustainable finance area, the Group continues to apply the Green, Social and Sustainability Bond Framework, which lays down the rules and procedures for identifying eligible projects and initiatives, and will also pursue alignment with the regulatory technical standards set forth in the Delegated Acts to the EU Taxonomy Regulation and any relevant future updates of them; in September 2023 it issued a Sustainability SNP (€500m), consistent with the Mediobanca Framework, and aligned with the Green Bond Principles (2021), Social Bond Principles (2021) and Sustainability Bond Guidelines (2021) issued by the ICMA (International Capital Market Association). The issue is the first of the two sustainable bonds included among the targets set as part of the Strategic Plan 2023-26.

An Energy Transition advisory team has been set up as part of the CIB Division, in addition to the targets that have been set in terms of granting loans and originating bonds with ESG characteristics.

The inclusion of ESG criteria, for all business areas, in the Strategic Plan 2023-2026 "One Brand-One Culture", has contributed to improving the Group's positioning in terms of certain ESG ratings, including: ISS – Institutional Shareholder Services, which has assigned Mediobanca its top score in all three ESG areas – environmental, social and governance; and CDP (Carbon Disclosure Project, one of the leading organizations at global level involved in climate change issues) which has improved

[22] Excluding Specialty Finance.

its score from "C" to "B", in recognition of the Group's commitment to addressing its impact on the environment.[23]

For a description of the progress made thus far in achieving the targets, reference is made to section 9 of the Consolidated Non-Financial Statement for FY 2023-24, "Objectives and future commitments".

Actions and objectives related to regulatory requirements and voluntary protocols

In the Consolidated Non-Financial Statement, the Group has disclosed its percentage of potentially sustainable (or eligible) activities as at 30 June 2024 relative to the six environmental target set in the EU Taxonomy Regulation,[24] and also, for the first time, its percentage of potentially sustainable (or eligible) activities relative to the climate change mitigation and adaptation targets. It also publishes the templates for all KPIs applicable to "credit institutions", namely: GAR stock, GAR flow, FinGar, and AUM.

Mediobanca and Mediobanca SGR, in its provision of collective and individual portfolio management services, and in compliance with Commission Delegated Regulation (EU) 2022/1288, on 30 June 2024 published their "Declaration on the Principal Adverse Impacts of Investment Decisions on Sustainability Factors", in which the individual Group Legal Entities disclose the Principal Adverse Impacts (PAIs) of their investment decisions on sustainability factors (annual disclosure);[25] whereas Mediobanca Premier, in accordance with the European regulatory framework,[26] has published the required disclosure on its website.[27]

Mediobanca SGR and RAM have signed up to the Non-Disclosure campaign promoted by the Carbon Disclosure Programme (CDP), and, along with Polus Capital, are signatories to the United Nations Principles for Responsible Investment (UNPRI), through which they have committed also to operate as shareholder activities, integrating a focus on ESG issues into the traditional shareholder policies and practices. Also in connection with the UNPRI, Mediobanca SGR is an endorser of the Advance initiative, through which it supports institutional investors' engagement activity on social and human rights issues. RAM AI is also a member of the Net-Zero Asset Managers Initiative.

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[23] The CDP assessment score ranges from a maximum of A to a minimum of D.

[24] The six environmental objectives are as follows: climate change mitigation; climate change adaptation; sustainable use and protection of water and marine resources; transition to a circular economy; prevention and reduction of pollution; protection and restoration of biodiversity and ecosystems.

[25] These Declarations also contain the processes used to calculate, monitor and prioritize PAIs, in accordance with the approach adopted by the Mediobanca Group.

[26] Regulation € 2019/2088 (the "SFRD"), Article 4(5).

[27] Mediobanca Premier qualifies as a non-manager Financial Advisor, hence it is required only to publish references to the sources it has adopted in order to obtain information on the financial instruments/products on which it advises with regard to the consideration of adverse impacts on sustainability, plus the related PAI indicators, if any.

Environmental risks governance, reporting, and remuneration policies

For the model used to define and manage environmental risks, and to integrate short-, medium-, and long-term environmental factors and risks into the internal organization of the business lines, internal control units and internal governance agreements, including the role of the committees and the assignment of duties and responsibilities, reference is made to the information stated at the start of Section 8.2, Qualitative information.

In relation to reporting, the Group Chief Risk Officer briefs the Board of Directors once every three months on the risk tends observed, including climate-related risks, and on the performances of the climate and environmental risk metrics integrated into the RAF during the reference period.

Quarterly reporting is also prepared for the Group Risks Management Committee, containing analysis of the Lending and Investment portfolios deriving from the results of the ESG Heatmap and the single-name analysis of lending counterparties. Reference is made to the heatmap shown in the section entitled "Environmental Risk Management Framework" below for further details.

The Group has also updated its remuneration and incentivization policies and practices with the objective of stimulating behaviours consistent with the approach adopted for climate and environment risk, and of aligning the Group senior management's remuneration with measurement of performances over the long term. As part of the assessment of its staff performance and incentivization system, the Group devotes special and increasing space to the delivery of environmental, social and governance (ESG) objectives. These targets are applied on the basis of the individual scope of responsibility, and having regard to the incentivization systems applicable individually or at divisional level.

The incentivization system is based on long-term schemes and short-term schemes as follows:

Long-term incentive schemes

Long Term Incentive Plan 2023-26: the recipients are the Mediobanca Chief Executive Officer and the Group General Manager, plus many of the Group's senior management figures; two ESG objectives are included in the KPIs and scorecards, both quantified and measurable, with a total weighting of 20% (10% each). One in particular is directly related to climate change, and involves the reduction of the portfolio's carbon intensity (portfolio decarbonization[28] mentioned above). The Plan remuneration, payable entirely in Mediobanca shares, and, once it has been completed, over a time horizon of several years, was approved by shareholders at the Annual General Meeting held on 28 October 2023.

Short-term annual incentive schemes:

[28] Intensity of climate change emissions (tCO_2eq/€m), Scope 1-2-3 of loans granted by the CIB Division (excluding Specialty Finance) to non-financial counterparties.

These include both ESG financial and non-financial indicators, which have a weight of 10%. The ESG financial and sustainability KPIs for the Mediobanca CEO and the Group General Manager include the annual ESG targets contained in the Strategic Plan for the Group's principal businesses, with financial KPIs related to growth in the volume of green products (CIB, Compass and Mediobanca Premier or to increase in the penetration rates for SFDR Article 8 and Article 9 funds in clients' portfolios. The short-term incentive scheme for other senior figures (strategic management and Material Risk-Takers heading up the main business lines, including the CEOs and general managers of the relevant Group Legal Entities) includes, both individually and as part of the scorecards used to define the divisional bonus pools, and where appropriate to the scope under consideration, the presence of quantitative, measurable ESG indicators. Non-financial ESG objectives have been set for these figures, too, with a focus on ESG issues in some cases also structured as projects. The rest of the Group staff are assigned a Group objective to evaluate the performance delivered in terms of the adoption of socially responsible behaviour on a management basis, in line with the Group Sustainability Policy, with reference in particular to protection of the environment, corporate diversity, and defence of human and social rights.

ESOP 2023-26

As part of the new 2023-26 Strategic Plan, an Employee Share Ownership and Co-investment Scheme has been introduced for Mediobanca Group staff. The advantages of this Plan include ensure that Group staff compensation is correlated to the achievement of positive results over time, ensuring that the performances delivered are consistent with an approach based on the overall sustainability of the pay mechanisms. The conditions which enable participants to have their shares matched by the Bank (1 share for every 10) include the achievement of one climate-related KPI, namely 100% energy from renewable sources at Group level. The campaign, based on voluntary investments on favourable terms, ended in December 2023 with a takeup rate equal to 28% of the in-scope staff population. Achievement of the 2026 targets will entitle beneficiaries to receive an additional reward.

For further details, reference is made to the Group Remuneration Policy and Report, the Long Term Incentive Plan 2023-26 and the ESOP 2023-26 documents published on the Bank's official website at www.mediobanca.com.

Environmental Risk Management Framework

The Environmental Risk Management Framework is based on the Group ESG Policy;[29] , and internal methodologies have been developed on the basis of international standards (United Nations Environment Programme Finance Initiative - UNEP FI, Principles for Sustainable Insurance - PSI[30]). 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.

In particular, an Impact Map has been adopted, as featured in the UNEP FI's Portfolio Impact Analysis Tool, which identifies how firms in different economic sectors impact positively or negatively on the different ESG areas. To increase the consistency of the analysis and the Heatmap itself, the ESG factors identified by the UNEP FI have been integrated with some of the themes recommended by the PSI in its document entitled "*Managing environmental, social and governance risks in non-life insurance business*".

The process has led to a set of environmental factors being identified that impact on each economic sector, as shown in the table below:

	Source: UNEP FI	Source: PSI
Environmental	Climate stability Water masses Air Soil Species Habitats Resource intensity 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, the Mediobanca Group prepares regular reporting 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, with specific indepth analysis of those sectors with the highest environmental risk.

For the Large Corporate loan book in particular, ESG risks are assessed at sector level, by integrating the results of the with the characteristics of the individual counterparties that make up the portfolio (single-name analysis) in order to reflect the effective level of ESG risk.

[29] The Group ESG Policy, as described further in the following pages, sets out the guidelines for integrating ESG criteria, and outlines the reference principles and negative and positive screening criteria for the activities of lending, investment of own funds, and client advisory services.
[30] 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.

In detail, starting from this "potential" sector view, the methodology used to calculate the sector-based ESG score is recalibrated to factor in the results of an individual assessment of the counterparties featured in the portfolio. This assessment is performed through:

- Completion of qualitative questionnaires to collect information used for analysis of Group ESG policy requirements and to define an internal ESG score specific to the single counterparty;
- Collection of specific information for the individual counterparty from external info-providers, if the questionnaire has not yet been submitted;
- If no information is available from the previous two sources, assessment of the counterparties is based on the "potential" Heatmap sector results.

For every counterparty included in the Large Corporate lending portfolio, the Group Risk Management Unit also prepares a memo ("ESG Risk Report") containing a summary of the ESG assessments obtained during the origination process (such as whether or not they meet the criteria set forth in the Group ESG Policy, or the synthetic ESG Internal Score) and an assessment of the counterparty's ESG risks.

The Group identifies the risk profile which intends to adopt in view of its strategic objectives, which are geared towards creating value in the long term. The objective is not to eliminate risk entirely, but to identify it and manage it in such a way as to ensure sustainability while also achieving profitable business results in the long term, coupled with prudent asset valuation.

In order to mitigate the environmental risks, the Group adopts a structure with operating limits, and management and mitigation processes for specific exposures to climate and environmental risks that could represent especially significant concentrations. Reference is made to the following section on "Limits for climate risk set as part of the Group Risk Appetite Framework" for further details.

Climate risk stress testing (Fit-for-55)

From December 2023 to March 2024, Mediobanca, along with 109 other banks from the EU, took part in the "Fit-for-55" climate risk scenario analysis carried out by the European Banking Authority (EBA). This exercise forms part of the Fit-for-55 package of policies, which refers to the EU's climate goal of reducing EU emissions by at least 55% by 2030, and aims to bring EU legislation in line with the 2030 goal. Mediobanca has provided data – both aggregated and at the individual counterparty level -updates as to end-December 2022, including further analysis of its own financial and climate information in relation to credit, market, and real estate risk. The data thus provided offers support to the EBA in its assessment of the EB banking system's resilience to potential climate risks. The exercise was performed at Group level. In May 2024, the ECB issued a report to the participating banks, including Mediobanca, providing an assessment of the quality of the data provided, comparing it with that of the full sample and of peers with similar business models. The ECB's projections for the climate stress scenario are expected to be published in the coming months.

Limits for client risk set as part of the Group Risk Appetite Framework

The desired risk profile level is guaranteed by the assumption of risk that is limited by defining thresholds representing the level of risk considered to be acceptable and which is consistent with the Group's earnings objectives. To monitor and mitigate the Group's exposure, the Risk Appetite Framework includes several metrics focused on physical risk and transition risk.

Transition risk

In order to identify its portfolio's potential ESG risk, Mediobanca has developed, as mentioned in the previous section, an ESG Heatmap. With the objective of promoting responsible business activities based on environmental criteria, the Group's Risk Appetite Framework includes a metric, based on the ESG Heatmap, that identifies the maximum acceptable level of exposure to counterparties operating in high-environmental risk sectors in the Large Corporate lending portfolio.[31]

The RAF also includes a metric to monitor the GHG emissions intensity of the Large Corporate lending portfolio. This metric is defined as the sum of the Scope 1, 2 and 3 emissions (tCO2eq.) of the non-financial counterparty (NFC) as a percentage of the total exposure versus such counterparties (expressed in terms of Gross Carrying amount) with the objective of monitoring the Group's exposure to counterparties with a high dependency in terms of carbon emissions.

Mediobanca Premier, meanwhile, has integrated transition risk into its framework for monitoring and managing credit risk, given that over 90% of its loan book consists of loans secured by properties. To ensure that this risk is monitored, Mediobanca Premier identifies the energy class of a property used as collateral for loans in the short, medium and/or long term as the factor most able to affect its value. In particular, energy classes A and B are considered to be the ones with the highest degree of efficiency, and so determining a low level of consumption for the property. Accordingly, a Transition Risk Indicator has been developed in order to monitor the level of new mortgages guaranteed by energy class A or B properties relative to the total new mortgages granted on a quarterly basis.

Physical risk

To monitor physical risk, considering that floods and landslides (and earthquakes) can cause serious damage to buildings, reducing the value of the properties used as collateral for loans, and given that the main transmission channel for it works through changes in the value of the underlying guarantees, the analysis in this area has been focused on the CheBanca! mortgage exposures to households and businesses which are guaranteed by properties. In this connection, CheBanca! has developed its own methodology for assigning risk indicators for its mortgage portfolio exposures, starting from the location of the properties used as collateral and based on data from ISPRA for flood

[31] The Large Corporate lending portfolio is defined as the exposures held by Mediobanca and Mediobanca International.

and landslide risk, and data from the Italian Civil Protection for seismic risk. Three risk indicators are identified, which consider the probability of occurrence of the three extreme events mentioned.

Starting from these three risk indicators, Mediobanca Premier has developed a modelling solution to define a synthetic physical risk metric. Four physical risk classes have been defined in the methodology for classifying Italian towns and cities: Very High, High, Medium, and Low.

This metric has been included in the Group's Risk Appetite Framework with the objective of monitoring and limiting the number of new loans granted that are secured by properties located in towns and cities classified as being at Very High and High physical risk.

In order to compile Template 5, "Banking book — Physical risk in relation to climate change: Exposures subject to physical risk", a quantitative approach has been adopted that has also been extended to include all the Group Legal Entities.

For exposures secured by properties, flooding and landslides have been considered as acute physical risk factors; while coastal erosion has been considered as a chronic physical risk. The approach is based on precise geolocation of the individual properties used as collateral, with the development, based on ISPRA data for flood/landslide risk and on Istat and ISPRA data for coastal erosion risk, of a methodology to calculate the loss of value for each of the properties. Based on the estimated economic impact, each individual property is then classified as being exposed either to "acute" and/or "chronic" risk depending on whether or not the estimated economic impact is above a given threshold.

For exposures to non-financial companies, too, a quantitative approach is used, based on the calculation of the chronic and acute physical risk effects for each individual counterparty. The value of the economic impacts for these risks is related to the net equity of each company, which is considered as being sensitive to physical risks when this indicator exceeds a given threshold.

For further details on the approach used, reference is made to the note accompanying the quantitative information contained in Template 5.

Materiality assessment

The EU banking regulations require a holistic assessment to be made of the impacts of Climate and Environmental (C&E) risks on traditional risk categories, such as strategic, credit, market, operational and liquidity risks, and their effects over the various time horizons. This process, which is known as the "materiality assessment", entails the identification of the C&E risk factors, mapping their transmission channels to the traditional risk categories and to the financial products, the selection of the appropriate methodologies for capturing these C&E risks, and then quantifying their impact. The process is subdivided into the following phases:

PHASE 1: Risk factor identification

The main outcome of the risk factor identification phase is a list of the potential physical/transition risk factors that could impact on those of the Group's business activities involving counterparties that are non-financial companies and collateral in the form of real estate.

Templates: Relevant risk factors for non-financial counterparties and loans secured by collateral in the form of real estate

C&E Risk	Risk Driver	Description	NFC	Real Estate Guarantees
Physical acute	Droughts	Drought is defined as: an exceptional period of water shortage for existing ecosystems and the human population (due to low rainfall, high temperature, and/or wind)	○	
	Heatwaves	Heatwaves is defined as a period of abnormally hot weather, often defined with reference to a relative temperature threshold, lasting from two days to months.	○	
	Floods	Flood is defined as the overflowing of the normal confines of a stream or other water body, or the accumulation of water over areas that are not normally submerged.	○	○
	Landslide	Landslide is the movement downslope of a mass of rock, debris, earth, or soil (soil being a mixture of earth and debris).	○	○
	Wildfire	A wildfire is an uncontrolled fire that burns in wildland vegetation, often in rural areas.	○	
	Earthquake	An earthquake is caused by a sudden slip on a fault. The tectonic plates are always slowly moving, but they get stuck at their edges due to friction. When the stress on the edge overcomes the friction, there is an earthquake that releases energy in waves that travel through the earth's crust and cause the shaking that we feel.		○
Physical chronic	Coastal erosion	Coastal erosion is the process by which local sea level rise, strong wave action, and coastal flooding wear down or carry away rocks, soils, and/or sands along the coast.	○	○
	Water stress	Water stress refers to the ability, or lack thereof, to meet the human and ecological demand for water .	○	
Transition	Policy and regulation	Some jurisdictions have established a number of policy initiatives to reduce GHG emissions. The aim of these measures is to encourage the transition of the economy, or at least of some of its parts, towards activities that produce fewer GHG emissions, and lower carbon emissions.	○	○
	Technology	Technological change relating to energy-saving, low-carbon transportation, and increasing use of non-fossil fuels or other technologies that help reduce GHG emissions.	○	○
	Market sentiment	Transitioning to lower-carbon economies may also trigger shifts of consumer and market sentiment to less carbon-intensive products or investments.	○	○

PHASE 2: Identification of exposures

In this phase, the Group's business activities are analysed in greater depth to assess their exposure to the possible C&E risk factors identified in Phase 1. The process entails:

1. A clear mapping of the Mediobanca Group's operating framework (Step 2-1);
2. Identification of the transmission channels through which the various C&E risk drivers identified in Phase 1, can generate impacts, financial and in terms of the risk profile (Step 2-2);
3. The application of these impacts at the levels of Legal Entities, business lines and product categories (Step 2-3).

Finally, the methodologies and Key Risk Indicators (KRI) for calculating climate and environmental risks over the three different time horizons are compiled: short-term (**ST**: up to 3 years), medium-term (**MT**: 3-5 years), and long-term (**LT**: over 5 years). The time horizons have been identified based on the recommendations made by the European Banking Authority (EBA) in its consultation document on ESG risk management (EBA/CP/2021).

PHASE 3: Determination of materiality

The final phase involves determining the materiality itself and the remediation actions to be taken if a material risk crystallizes. In particular, materiality is recorded if the KRI reading exceeds the value of the materiality threshold.

The most recent Materiality assessment exercise revealed certain areas of materiality in credit risk, over certain time horizons, and for transition and physical risks. The other traditional risk categories analysed did not reveal areas of materiality.

Template: Result of credit risk, Materiality assessment

Credit Risk				
Risk Drivers		Time Frame		
		ST (0-3y)	MT (3-5y)	LT (>5y)
Physical	Non financial corporate			
	Real Guarantees			
	Consumer Loans			
Transition	Non financial corporate			
	Real Guarantees			
	Consumer Loans			

For a detailed description of the transmission channels of physical and transition environmental risks to the various risk categories and the Group Legal Entities impacted, reference is made to TCFD Report.

Nature-related risks

For the first time the Group has also assessed nature-related risks that impact on lending activity for the counterparties included in the portfolio. Mediobanca has adopted the ENCORE[32] methodology, to understand how natural capital (defining nature as a stock that produces benefits for human beings and for the economy, in particular air, water, forests, etc.) is essential to life itself and also to economic activities. The first nature-related risk materiality assessment for NFC counterparties has not revealed any areas of materiality either in terms of transition risk or physical risk.

Reference is made to the TCFD Report for FY 2023-24 for further details.

Integration of environmental risks into ICAAP framework

In line with the supervisory authority's expectations that climate risks (physical and transition) should be included in banks' capital planning processes, including the Internal Capital Adequacy Assessment Process (ICAAP), the Mediobanca Group has integrated analysis of its potential impact on capital adequacy deriving from the exposure to climate risks into the Group's management stress testing carried out as part of the ICAAP, considering different scenarios. Scenario analysis enables the Group to assess the impact generated by the climate transition and the physical risks (acute and chronic) on the Group's capital ratios. Reference is made to the TCFD Report for FY 2023-24 for a more detailed description.

Group ESG Policy and negative screening criteria

ESG criteria are a key success factor for creating value, not just economic and financial, but also social and environmentally sustainable.

To support responsible business activities that take ESG criteria into consideration, Mediobanca has defined parameters for analysis that all Group Legal Entities must factor into their own valuations, using one or more of the following sources: information in the public domain (e.g. communications and documentation published on websites, in the preparation of financial reporting); specialist info-providers; other specific reports for measuring and assessing companies; and information obtained directly from the company and/or counterparty involved.

The Group does not knowingly engage in business activities that are contrary to its own values or that are in breach of principles and regulations and so could expose it to serious reputational risks. In particular, it does not engage in business activities that regard or directly involve entities operating in sectors considered not to be socially responsible, with low ESG ratings and/or involved in serious events (e.g. companies with convictions), that have generated or could generate adverse impacts in the environmental, social or governance spheres (indirect impacts).

[32] Methodology recommended by NGFS; see "Recommendations toward the development of scenarios for assessing nature-related economic and financial risks".

Negative screening criteria have been incorporated into the internal regulatory framework, so issuers that do not meet these criteria are not considered eligible for investment purposes. Such criteria are also applied and and/or updated progressively based on changes in the scenario, both regulatory and strategic and in the area of risk-taking on ESG issues. In particular, during FY 2023-24, the Group ESG Policy was updated to include the objectives set in the Strategic Plan 2023-26 "One Brand-One Culture" (exit from tobacco and coal industries), and the sector guidelines were revised. Certain restrictions were also introduced on structuring complex products and on the distribution of non-personalized recommendations (new Section 4.6).

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, which is based on the main international standards and declarations, and is divided into five priority areas with the intention of directing the Group's conduct in them and addressing its own direct impacts:

- Measures to tackle bribery and corruption;
- Human rights;
- Financial health and inclusion;
- Diversity, equity and inclusion;
- Climate change and the environment.

In the update of this document made during FY 2023-24, the section on human rights in particular was revised thoroughly, in order to respond to the requests of various stakeholders who are increasingly concerned to understand how these material issues are managed in the financial sector, including with the objective of promoting a fairer and more sustainable global economy, which is respectful of human rights and the environment.

A new section on "Financial Health and Inclusion", identified by the Group as a priority area, has also been included. In particular, considering both its own portfolio[33] and the needs of the geographies in which it operates, the Group has identified financial health and inclusion as an area of significant impact with reference to the social sphere, alongside Climate Change, already

[33] Specifically, this tool makes it possible to identify which areas the Group impacts the most (both positively and negatively) due to the typical characteristic of its business, the type of products offered and the type of clientele. The portfolio and customers are segmented based on geographic, product and anagraphic criteria (e.g., retail, income, gender and age).

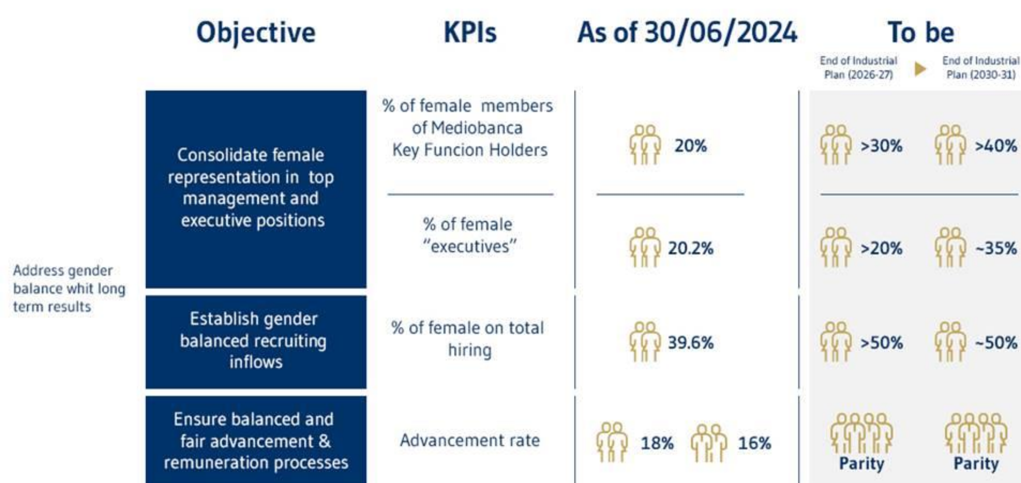
selected as a priority area last year on the environment side. Accordingly, the Group has integrated actions to facilitate pursuit of these objectives in its business strategy.

For further details on the objectives set by the Group and the analysis carried out, reference is made to the Principles for Responsible Banking Report for FY 2023-24.

The cultural transformation process regarding diversity and inclusion issues continues with the "toDEI" initiative and the internal and external training programmes being run as part of it. The training area has given rise to the creation of an extensive network of change agents, inclusion coaches and mentors, tasked with promoting a working style based on recognition, respect, and the ongoing attempt to ensure inclusion and the value of diversities are embedded within the organization. These inclusion initiatives have been supported by strong internal communications campaigns through various different types of media: newsletters, podcasts and intranet, including through the creation of communities.

The reduction in the gender gap, which was one of the objectives of the Strategic Plan 2023-26, is being pursued through the consolidation of women in leadership positions, and ensuring equal access to career advancement and promotion processes. In quantitative terms, the Group has set the following objectives:

Social objectives



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.

Targets contained in the 2023-26 Strategic Plan

Specific targets have been included in the 2023-26 Strategic Plan, in terms of both direct impacts and also of impacts generated by its own business activities. The objectives in the area of diversity and inclusion referred to above are part of the former category.

The Group is aware that training its staff and increasing the financial competences of its clients are a key factor for the growth which it has committed to achieving as part of the objective to promote financial health and inclusion, the new Strategic Plan includes ESG training targets both for employees and FAs (100% of staff and FAs to receive ESG training by end-June 2026, with EFPA certification for WM relationship managers); over the course of the three years covered by the Strategic Plan, Compass has also set itself the objective of sending more than 35 million emails to its clients containing tips on green and financial education.

The new Mediobanca Group Strategic Plan also includes expansion of the social impact product offering. The Wealth Management Division has set itself the objective having more than 50% of client portfolios made up of ESG products (SFDR Article 8 and Article 9 funds) and of achieving a 50% increase in ESG funds managed by the Group's product factories.

Compass Banca has an objective of a 15% CAGR for ESG loans, which includes SMEs in disadvantaged areas, loans to support education expenses, and loans to clients in elderly age brackets with income below certain levels.

The Group is also committed to promoting the health and welfare of the community, including through its own portfolio activity, as demonstrated by the commitment made in the Strategic Plan no longer to lend to or invest in the tobacco industry, and the Group's strategic investment in the Istituto Europeo di Oncologia.

For the progress made to date in achieving the targets, reference is made to the Consolidated Non-Financial Statement for FY 2023-24, section 9, "Objectives and future commitments".

Actions and objectives related to regulatory and voluntary protocols

In defining its sustainability and ESG policies, the Group has also made reference to internationally recognized principles and frameworks, such as the Universal Declaration of Human Rights, the ten principles of the UN Global Compact, and the UN Sustainable Development Goals (SDGs).

The ten principles in the UN Global Compact, of which the Group has been a member since April 2018, in turn derive from the UN's Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work compiled by the International Labour Organization (ILO), the Rio Declaration on Environment and Development, and the Convention Against Corruption.

The Group is committed to supporting and defending the values of diversity, equity and inclusion through the adoption of corporate processes, organizational structures and management activities

based on respect for personal rights and liberties. To this end the Group has compiled a Human Resource Management Policy, a document aligned the other codes and policies adopted which impact on staff management, including the Mediobanca Group Diversity, Equity and Inclusion Code and the Group Directive on discriminatory and abusive behaviour, bullying and harassment.

Finally, it should also be noted that the Green, Social and Sustainability Bond Framework also focuses on social issues, with reference in particular to contributing to the achievements of SDGs 1, 8 and 10 by financing SMEs and supporting economic and social development.

In line with its Group ESG Policy and the Directive on responsible investing in portfolio management and investment advice, the Mediobanca Group is also committed to "shareholder activism" practices, to the degree that these are applicable to the different types of activity, taking an active part in the annual general meetings of the investee companies, in accordance with their specific policies and directives on voting.

As a result of the analysis carried out in the course of compiling the PRB Report 2024 (to which reference is made), the Group has identified young people and women as further vulnerable or under-represented categories in its retail portfolio, as well as the elderly and those resident in disadvantaged areas, who have already been identified in the Strategic Plan targets on the Consumer Finance side. To contribute to the financial health and inclusion of these categories, Mediobanca Premier has committed to launching a product offering for younger generations and to launching/strengthening its training initiatives, focusing in particular on female empowerment and raising awareness of digital and sustainable finance issues. Also worthy of notice in this connection is the Group's intention to launch specific training activity on financial health and inclusion for all staff members.

Social risks governance, reporting and remuneration policies

For details regarding the model used for defining and managing social risks, integrating measures to manage social risks and factors into the internal governance agreements, including the roles of the committees, and the assignation of duties and responsibilities, reference is made to the comments reported above in section 8.2 "Qualitative information".

The Group Staff Remuneration Policy also reflects the principles of neutrality in order ensure equal treatment, based exclusively on merit and professional qualifications. The Group has adopted a granular analysis model for compensation data, which enables indicators such as the Gender Pay Gap (GPG) to be measured and monitored, in accordance with the provisions of the sector regulations in force and the Bank of Italy's Supervisory Instructions. Mediobanca also analyses the Equal Pay Gap (EPG). Reference is made to the Group Staff Remuneration Policy and the Consolidated Non-Financial Statement for further information.

With reference to the remuneration policies in regard to social aspects, in addition to the points already raised in the Environmental section, it should be noted that one of the two objectives of the Long-Term Incentive Plan for senior management is related to Diversity and Inclusion (% of women in management positions at Group level), and that for the twelve months ended on 30 June 2024, short-term objectives were set which focused on People & Engagement issues ("Our People") and the Group's social initiatives ("Our Community) for the Mediobanca CEO only, with quantitative as well as qualitative evaluation methods (both the objectives were fully achieved).

Reference is made to the Group Remuneration Policy and Report for further details.

Group ESG Policy and negative screening criteria

The Group considers the integration of social principles into its own operating criteria to be a priority, among other things in order to consolidate the confidence of investors and markets. The Group does not knowingly engage in business activities that are contrary to its own values or that are in breach of principles and regulations and so could expose the Group to serious reputational risks. In particular, it does not engage in business activities that regard or directly involve:

- Companies related to the production and/or sale of weapons that violate fundamental human principles or nuclear weapons (even only marginally);[34]
- Companies that have been convicted of serious violations of human rights, with reference to both workers and local communities (e.g. use of child and forced labour, human trafficking, etc.);
- Companies that have been convicted of serious violations in the areas of accounting fraud, money laundering and bribery and corruption, or serious environmental damage;
- Parties sanctioned by supranational entities or nation states with serious shortcomings in their legislation for tackling terrorism financing and money laundering.

Negative screening criteria have been incorporated into the Bank's internal regulatory framework, so issuers that do not meet these criteria are not considered eligible for investment.

Reference is made to section 1, "Environmental" of this document and to the Group ESG Policy for further details.

Social Risk Management Framework

The Mediobanca social risk management framework is based on:

[34] The term "marginally" means that the turnover generated from activities involving nuclear weapons and their components (dedicated and essential) does not exceed 5% of the turnover (consolidated, if the company prepares consolidated reporting). An exception to this rule is represented by nuclear weapons (and their related components/services) produced or supplied as part of government nuclear weapons programmes in NATO countries authorized to possess them under the terms of the 1968 Non-Proliferation Treaty, which are therefore allowed without any limit on their involvement (Non-proliferation Treaty, 1968) (cf. https://www.mediobanca.com/static/upload_new/esg/esg_policy.pdf).

- Group ESG Policy;
- Methodologies developed internally based on international standards (United Nations Environment Programme Finance Initiative - UNEP FI, Principles for Sustainable Insurance – PSI).

In particular, an Impact Map has been adopted, as featured in the UNEP FI's Portfolio Impact Analysis Tool, which identifies how firms in different economic sectors impact positively or negatively on the different ESG areas.

The process has led to a set of social factors being identified that impact one each economic sector as identified in the following table:

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, Housing Hygiene and sanitation services Education Mobility Information Connectivity Culture and heritage Finance Education Wages Social protection Gender parity Ethnic/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. through discrimination, collective bargaining) Controversial weapons exposure (e.g. UN conventions)

Based on the results of the ESG Heatmap, regular reporting is prepared on the ESG risk analysis, which is updated quarterly and discussed by all the relevant internal committees. The report contains an assessment of the environmental, social and governance (ESG) risks facing the exposures included in the loan book and investments portfolio.

Reference is made to the contents of section 1, "Environmental", for more information.

3. Governance

Regarding the roles and responsibilities of the directional and management committees on issues related to governance risk, reference is made to the first part of this section, 8.2 "Qualitative information". In general terms the Group has integrated ESG risks into its organizational structures and the roles and responsibilities of the various Parent Company units, including by means of a specific internal Directive. Mediobanca has also adopted Group Regulations, approved by the Board of Directors, which describes the Group's governance through the structure of powers assigned to the Parent Company, the Group's organizational model, and the activities of direction, governance and control performed by the Parent Company with regard to the Group Legal Entities.

Mediobanca has implemented a Tax Control Framework (TCF) with the objective of guaranteeing that an effective system is in place for recording, measuring, managing and controlling tax risk. The framework consists of governance documents (Group Tax Risk Management regulations and manual), plus a tax risk matrix which is divided into "performative tax risks" and "interpretative tax risks". It should also be noted that Mediobanca S.p.A. has been formally admitted to the co-operative compliance programme instituted by the Italian revenue authority (Italian Legislative Decree no. 128/2015), and that the Tax Control Framework has also been adopted by Compass Banca and Mediobanca Premier, both of which have applied for admission to the programme as well.

The Group ESG Programme was launched at the start of 2021. The Programme, which was made up of various phases, was intended to align the Group with the recent changes in the area of ESG regulations. Phase 4, which ended in June 2024, achieved the following objectives:

- Continuing implementation of the measures required to meet the regulatory authorities' expectations in terms of climate and environmental risks (ECB and Bank of Italy, for certain of the Italian Group Legal Entities);
- Completion of the undertakings entered into with membership of the Net-Zero Banking Alliance (NZBA), with reference in particular to setting sectoral decarbonization targets and to compiling a Net-Zero Transition Plan for achievement by 2050;
- Further progress in adapting the Group to the obligations introduced by the Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy Regulation;
- Performing a gap analysis and compiling an action plan for preparing the Sustainability Statement required by the Corporate Sustainability Directive (CSRD), which will become mandatory starting from FY 2024-25.

Furthermore, as Mediobanca is aware of the importance of the quality of the data it uses and accordingly of putting adequate data governance measures in place, the Bank has launched a process to consolidate the application (ESG Architecture) and ESG data governance solution used.

As previously mentioned, Mediobanca also uses the ESG Heatmap, as mentioned previously. This tool, based on the UNEP FI and PSI international standards, identifies the ESG factors which impact on each economic sector of interest and quantifies the respective impact.

The governance factors identified are listed in the following table:

ESG Pillar	Source: UNEP FI	Source: PSI
Governance & Economic	Legal requirements Civil liberties Diversity of sector Growth of MSMEs Infrastructure Socioeconomic 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 by sector is performed using the ESG Heatmap which is input with the characteristics of the individual counterparties represented in the portfolio (single-name analysis) in order to reflect the actual level of ESG risk. For Large Corporate lending portfolio counterparties, this analysis is performed through the use of a qualitative questionnaire, as previously described for the Environmental and Social issues. The analysis conducted through the use of questionnaires or information obtained externally is focused on the following aspects of the governance systems put in place by the counterparties: ethical considerations; strategy and risk management; inclusiveness; transparency; management of conflicts of interest; and internal communication on critical problems.

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

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 book value of exposures in the form of loans and advances, debt securities and equity and equity-like instruments, versus non-financial companies, held as part of the banking book; accordingly, financial assets held for trading or held for sale are excluded. 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 in Template 1 show the exposures based on their sector of activity, using their NACE codes (Nomenclature of Economic Activities), codes based on the counterparties' core business.[35] The counterparty is assigned a NACE sector by applying the provisions of point 4 of Commission Implementing Regulation (EU) 2022/2453 which requires that, for holding companies and SPVs, the sector of the specific obligor receiving the loan or the parent company of the SPV should be considered.

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 Article 12(1), 1, letters d) to g), of Commission Delegated Regulation (EU) 2020/1818.[36]

[35] The subdivision by NACE code is aligned with the Finrep reporting, with the exception of the areas covered by Commission Implementing Regulation no. 2022/2453.
[36] In particular the following letters in Article 12(1):

The counterparties for inclusion in column (b) are identified with the support of an external info-provider based on the results of single-name analysis (performed internally) of the of the exposures and clients included in the scope, in order to obtain more indepth analysis of the portfolio.

Column (c) contains information on the share of sustainable assets in view of the CCM objective, in accordance with the requirements set forth in the EU Taxonomy Regulation.[37]

In columns (i), (j) and (k), information on the amount of greenhouse gas emissions financed (counterparties Scope 1, 2 and 3 emissions) is provided, a mandatory requirement starting from this Disclosure to the Public (in previous disclosures this information was provided by the Group on a voluntary basis).

The scope of the calculation included in this disclosure also includes loans to non-financial counterparties to acquire properties or vehicles (loans covered by the PCAF (Partnership for Carbon Accounting Financials) "Commercial real estate" and "Motor vehicle loans" categories), and therefore covers virtually 100% of the total exposures versus NFCs.

Regarding the methodological approach adopted to quantify the GHG emissions data, as recommended by the ECB,[38] 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 Equities and Corporate Bonds, Business Loans and Unlisted Equity, Mortgages and Commercial Real Estate, Motor Vehicle Loans.

The calculation includes Scope 1, Scope 2 and Scope 3 of the counterparties' GHG emissions. To ensure greater accuracy in calculating the counterparties' GHG emissions, it has been decided to adopt a hierarchy of data sources that gives priority to the data disclosed publicly by the counterparties themselves, and secondarily to data estimated by external providers using proprietary

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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.

[37] For further details on the methodology adopted to identify the Group's share of Taxonomy-aligned activities, reference is made to the note accompanying Template 7: Mitigation actions – Assets for the calculation of GAR, in this document.

[38] 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.

methodology (based on the use of earnings indicators for the counterparties). In particular, the data provided by info-providers also follows a hierarchical classification, considering first of all data from so-called primary providers and thereafter from a secondary provider.

In some cases, in the absence of data collected by the info-provider, the data published by the counterparty has been searched for manually, to see if it has been published by the counterparty.

This method (i.e. use of two info-providers and manual search for data) has enabled much higher reported data to be recovered than in the previous disclosures (almost 50% of the total loan book), thus improving the quality of the data published in Template 1.

For counterparties that do not declare their emissions, or whose emissions have not been estimated by the info-providers, the data is calculated according to the methodology advocated by the PCAF standard. The calculation made using these emissions factors takes account of both the sector in which the counterparty operates and the country in which it is based (plus its turnover where available). For exposures to mortgages and/or motor vehicle loans, the proxy factors use the characteristics of the property and/or vehicle being financed.

The PCAF standard includes a data quality score, which ranks the emissions data on a scale from 1 to 5, with 1 representing the best quality data (meaning the counterparty has verified and disclosed its emissions) and 5 is the lowest score (meaning the data are estimates). Data provided by info-providers, if disclosed by the company or found directly in the counterparties' own publications, including information obtained through discussions with them, is ranked in category 2. Counterparty emissions calculated using the PCAF emission factors per unit of turnover are classified as category 4, as are counterparty emissions estimated by Sustainalytics. Meanwhile, emissions estimated using a PCAF emission factor per unit of assets are classified as category 5.

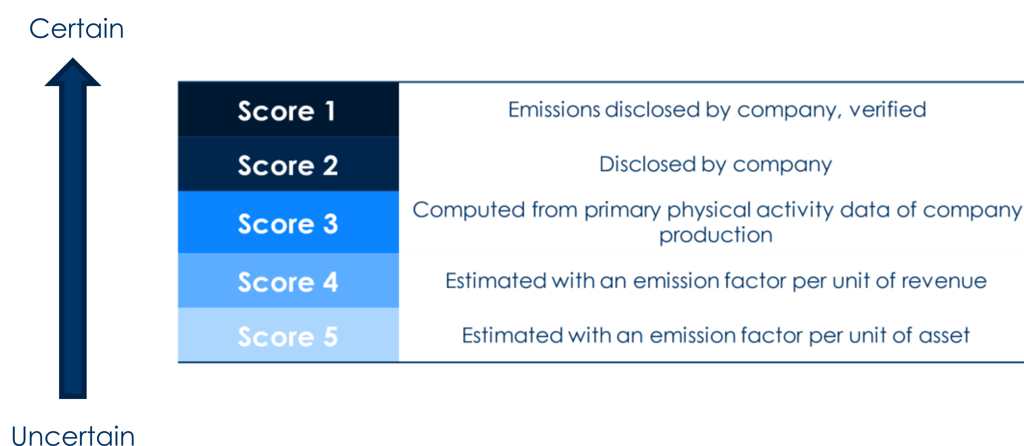

Diagram adapted from the Global GHG Accounting and Reporting Standard for the Financial Industry di PCAF.

The above categorization generates an overall data quality indicator, which is calculated as a weighted average based on the exposure to the individual counterparty, as provided by the PCAF Standard, and used internally for monitoring purposes.

Mediobanca's approach to calculating emissions is aligned with the PCAF methods for the following asset classes: Listed equity and corporate bonds; Business loans and Unlisted equity. Depending on the availability of data, the calculation follows three main approaches. These three approaches are applied for all the counterparties' emission scopes.

Approach 1: If emissions data disclosed by the company or the info-providers' estimates are provided, and also the Enterprise Value Including Cash (EVIC, for listed companies) and the Gross Carrying Amount (GCA):

$$Financed\ emissions = \sum_{c} \frac{GCA_c}{EVIC_c} \times Reported\ or\ estimated\ company\ emissions_c$$

where c refers to each counterparty.

It should be noted that, in line with the PCAF protocol for calculating emissions financed, for unlisted companies or for companies with no EVIC data, the sum of Total Debt (TD) and Total Equity (TE) may be used instead, so keeping the calculation formulae described in this section unchanged.

Approach 2: if the counterparty's emissions are unavailable, but the counterparty's EVIC and turnover are available:

$$Financed\ emissions = \sum_{c} \frac{GCA_c}{EVIC_c} \times PCAF\ factor\ per\ unit\ of\ revenue_{sector,\ country} \times Revenue_c$$

where $sector$ and $country$ refer to the sector and country in which the counterparty being considered operate.

Approach 3: if the EVIC and the counterparty's emissions and turnover are unavailable or none of the data mentioned is available:

$$Financed\ emissions = \sum_{c} GCA_c \times PCAF\ factor\ per\ unit\ of\ asset_{sector,\ country}$$

The EVIC is obtained by asking the info-providers; while for the company's revenue, the same info-providers are used, or alternatively data from other databases.

For exposures to mortgages and/or motor vehicle loans, the calculation formulae adopted are different from those stated above, while remaining aligned with the PCAF standards.

In particular, for exposures to mortgages, the calculation takes the following information into consideration: the property's energy consumption and energy emission factor (both these data can be point-in-time, average or estimates, as the case may be), and its surface area (in squ.m.).

Meanwhile, for exposures to motor vehicle loans, the calculation takes the following information into consideration: type of vehicle (in terms of engine type); fuel consumption, the vehicle's emissions factor, and the distance travelled by the vehicle, in terms of the number of kilometres on the clock (for these three factors, the data may be point-in-time, average or estimates, depending on the availability of the data).

Table 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity (1/2)

(millions of euro)

	Sector/subsector	a	b	c	d	e	f	g	h
		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			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***	12,518	1,303	567	212	136	(108)	(13)	(65)
2	**A - Agriculture, forestry and fishing**	25	—	—	2	2	(2)	—	(1)
3	**B - Mining and quarrying**	102	99	—	—	—	—	—	—
4	*B.05 - Mining of coal and lignite*	—	—	—	—	—	—	—	—
5	*B.06 - Extraction of crude petroleum and natural gas*	99	99	—	—	—	—	—	—
6	*B.07 - Mining of metal ores*	—	—	—	—	—	—	—	—
7	*B.08 - Other mining and quarrying*	3	—	—	—	—	—	—	—
8	*B.09 - Mining support service activities*	—	—	—	—	—	—	—	—
9	**C - Manufacturing**	5,974	336	225	120	22	(31)	(5)	(13)
10	*C.10 - Manufacture of food products*	914	—	—	11	2	(2)	(1)	(1)
11	*C.11 - Manufacture of beverages*	106	—	—	—	—	—	—	—
12	*C.12 - Manufacture of tobacco products*	114	—	—	—	—	—	—	—
13	*C.13 - Manufacture of textiles*	12	—	—	—	1	(1)	—	(1)
14	*C.14 - Manufacture of wearing apparel*	4	—	—	—	—	—	—	—
15	*C.15 - Manufacture of leather and related products*	18	—	—	—	—	—	—	—
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	11	—	—	1	—	—	—	—
17	*C.17 - Manufacture of pulp, paper and paperboard*	175	—	—	—	—	—	—	—
18	*C.18 - Printing and service activities related to printing*	9	—	—	—	—	—	—	—
19	*C.19 - Manufacture of coke oven products*	20	20	—	—	—	—	—	—
20	*C.20 - Production of chemicals*	192	—	6	1	—	—	—	—
21	*C.21 - Manufacture of pharmaceutical preparations*	827	—	—	—	—	(1)	—	—
22	*C.22 - Manufacture of rubber products*	176	—	1	1	—	(1)	—	—
23	*C.23 - Manufacture of other non-metallic mineral products*	139	—	1	42	—	—	—	—
24	*C.24 - Manufacture of basic metals*	57	—	—	—	—	(1)	—	—
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	237	—	2	4	3	(3)	—	(2)
26	*C.26 - Manufacture of computer, electronic and optical products*	362	—	—	30	—	(3)	(2)	—
27	*C.27 - Manufacture of electrical equipment*	320	—	79	21	1	(3)	(2)	(1)
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	707	—	14	2	11	(9)	—	(6)
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	1,326	317	120	4	—	(3)	—	—
30	*C.30 - Manufacture of other transport equipment*	16	—	—	—	—	—	—	—
31	*C.31 - Manufacture of furniture*	6	—	—	—	1	(1)	—	—
32	*C.32 - Other manufacturing*	200	—	—	—	1	(1)	—	(1)
33	*C.33 - Repair and installation of machinery and equipment*	24	—	—	2	—	—	—	—
34	**D - Electricity, gas, steam and air conditioning supply**	1,301	790	195	2	—	(1)	—	—
35	*D35.1 - Electric power generation, transmission and distribution*	548	259	87	—	—	(1)	—	—
36	*D35.11 - Production of electricity*	446	259	74	—	—	—	—	—
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	712	530	109	2	—	—	—	—
38	*D35.3 - Steam and air conditioning supply*	42	—	—	—	—	—	—	—
39	**E - Water supply; sewerage, waste management and remediation activities**	71	—	2	—	1	(1)	—	—
40	**F - Construction**	665	65	86	9	10	(9)	(1)	(6)
41	*F.41 - Construction of buildings*	231	65	—	6	6	(5)	(1)	(4)
42	*F.42 - Civil engineering*	249	—	—	—	1	(1)	—	—
43	*F.43 - Specialized construction activities*	184	—	86	3	4	(3)	—	(2)
44	**G - Wholesale and retail trade; repair of motor vehicles and motorcycles**	1,398	—	—	37	17	(25)	(4)	(13)
45	**H - Transportation and storage**	1,137	13	58	7	17	(4)	—	(2)
46	*H.49 - Land transport and transport via pipelines*	151	13	12	6	15	(2)	—	(1)
47	*H.50 - Water transport*	20	—	—	—	—	—	—	—
48	*H.51 - Air transport*	44	—	9	—	—	—	—	—
49	*H.52 - Warehousing and support activities for transportation*	845	—	36	1	1	(1)	—	(1)
50	*H.53 - Postal and courier activities*	78	—	1	1	1	(1)	—	—
51	**I - Accommodation and food service activities**	111	—	—	9	2	(3)	(1)	(2)
52	**L - Real estate activities**	1,733	—	—	25	65	(32)	(1)	(27)
53	**Exposures towards sectors other than those that highly contribute to climate change***	4,865	—	49	137	25	(24)	(4)	(11)
54	**K - Financial and insurance activities**	1,327	—	27	34	8	(1)	—	—
55	Exposures to other sectors (NACE codes J, M - U)	3,539	—	22	102	17	(23)	(3)	(11)
56	**TOTAL**	17,383	1,303	616	349	161	(132)	(17)	(76)

Table 1: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity (2/2)

(millions of euro)

		i	j	k[39]	l[40]	m[39]	n[39]	o[39]	p
	Sector/subsector	GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)	Of which Scope 3 financed emissions	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[41]	Average weighted maturity
1	**Exposures towards sectors that highly contribute to climate change***	**17,314,119**	**14,709,598**	**45%**	**11,512**	**605**	**252**	**149**	
2	**A - Agriculture, forestry and fishing**	**12,269**	**3,880**	**—**	*14*	*10*	**—**	**—**	*4*
3	**B - Mining and quarrying**	**1,343,923**	**1,273,209**	**97%**	**102**	**—**	**—**	**—**	*1*
4	*B.05 - Mining of coal and lignite*	—	—	—	—	—	—	—	—
5	*B.06 - Extraction of crude petroleum and natural gas*	*1,333,010*	*1,272,766*	*100%*	*99*	—	—	—	*1*
6	*B.07 - Mining of metal ores*	—	—	—	—	—	—	—	—
7	*B.08 - Other mining and quarrying*	*1,230*	*337*	*10%*	*3*	—	—	—	*3*
8	*B.09 - Mining support service activities*	*9,683*	*106*	—	—	—	—	—	*1*
9	**C - Manufacturing**	**12,507,729**	**11,688,071**	**55%**	**5,691**	**199**	**11**	**73**	**—**
10	*C.10 - Manufacture of food products*	*762,711*	*709,305*	*74%*	*912*	*3*	—	—	*3*
11	*C.11 - Manufacture of beverages*	*9,910*	*8,905*	*89%*	*106*	—	—	—	*3*
12	*C.12 - Manufacture of tobacco products*	*2,503*	*2,306*	*100%*	*114*	—	—	—	*1*
13	*C.13 - Manufacture of textiles*	*2,379*	*1,582*	—	*11*	*1*	—	—	*2*
14	*C.14 - Manufacture of wearing apparel*	*1,153*	*359*	*1%*	*3*	*1*	—	—	*3*
15	*C.15 - Manufacture of leather and related products*	*3,509*	*2,578*	*23%*	*11*	*1*	—	*5*	*8*
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	*2,201*	*967*	*2%*	*7*	*4*	—	—	*4*
17	*C.17 - Manufacture of pulp, paper and paperboard*	*616,921*	*402,511*	*94%*	*106*	*2*	—	*66*	*9*
18	*C.18 - Printing and service activities related to printing*	*2,024*	*792*	—	*6*	*1*	*2*	—	*5*
19	*C.19 - Manufacture of coke oven products*	*27,934*	*14,859*	—	*20*	—	—	—	*1*
20	*C.20 - Production of chemicals*	*108,757*	*75,398*	*38%*	*185*	*4*	*4*	—	*3*
21	*C.21 - Manufacture of pharmaceutical preparations*	*14,436*	*6,923*	*62%*	*826*	*1*	—	—	*3*
22	*C.22 - Manufacture of rubber products*	*128,087*	*117,689*	*20%*	*170*	*6*	—	—	*2*
23	*C.23 - Manufacture of other non-metallic mineral products*	*154,172*	*24,794*	*38%*	*135*	*4*	—	—	*2*
24	*C.24 - Manufacture of basic metals*	*192,015*	*69,935*	—	*54*	*3*	—	—	*1*
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	*111,595*	*71,385*	*33%*	*223*	*14*	—	—	*2*
26	*C.26 - Manufacture of computer, electronic and optical products*	*22,384*	*16,955*	*46%*	*326*	*37*	—	—	*2*
27	*C.27 - Manufacture of electrical equipment*	*3,672,120*	*3,661,809*	*67%*	*316*	*5*	—	—	*3*
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	*2,833,001*	*2,744,261*	*36%*	*599*	*106*	*2*	—	*3*
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	*3,763,399*	*3,709,064*	*63%*	*1,326*	—	—	—	*1*
30	*C.30 - Manufacture of other transport equipment*	*6,219*	*3,219*	*35%*	*15*	*1*	—	—	*2*
31	*C.31 - Manufacture of furniture*	*1,628*	*705*	*1%*	*4*	*1*	—	—	*3*
32	*C.32 - Other manufacturing*	*55,232*	*39,110*	*16%*	*199*	*1*	—	—	*1*
33	*C.33 - Repair and installation of machinery and equipment*	*13,440*	*2,661*	—	*18*	*3*	*1*	*1*	*5*
34	**D - Electricity, gas, steam and air conditioning supply**	**2,003,977**	**924,874**	**77%**	**1,247**	**13**	**—**	**42**	**4**
35	*D35.1 - Electric power generation, transmission and distribution*	*463,266*	*118,058*	*69%*	*499*	*7*	—	*42*	*7*
36	*D35.11 - Production of electricity*	*343,637*	*83,052*	*84%*	*398*	*6*	—	*42*	*8*
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	*904,393*	*804,531*	*89%*	*706*	*6*	—	—	*1*
38	*D35.3 - Steam and air conditioning supply*	*636,319*	*2,285*	—	*42*	—	—	—	*3*
39	**E - Water supply; sewerage, waste management and remediation activities**	**48,248**	**9,841**	**1%**	**54**	**15**	**3**	**—**	**3**
40	**F - Construction**	**429,418**	**172,877**	**47%**	**625**	**31**	**8**	**—**	**3**
41	*F.41 - Construction of buildings*	*42,455*	*29,967*	*29%*	*205*	*23*	*4*	—	*3*
42	*F.42 - Civil engineering*	*16,436*	*13,279*	*55%*	*248*	—	—	—	*3*
43	*F.43 - Specialized construction activities*	*370,527*	*129,631*	*61%*	*172*	*8*	*4*	—	*4*
44	**G - Wholesale and retail trade; repair of motor vehicles and motorcycles**	**589,593**	**400,949**	**6%**	**1,263**	**123**	**13**	**—**	**2**
45	**H - Transportation and storage**	**333,834**	**219,361**	**68%**	**1,045**	**17**	**75**	**—**	**3**
46	*H.49 - Land transport and transport via pipelines*	*58,164*	*8,368*	*17%*	*136*	*15*	—	—	*2*
47	*H.50 - Water transport*	*19,108*	*2,537*	*1%*	*20*	—	—	—	*3*
48	*H.51 - Air transport*	*87,843*	*53,451*	*100%*	*44*	—	—	—	*2*
49	*H.52 - Warehousing and support activities for transportation*	*163,828*	*151,070*	*79%*	*770*	*1*	*75*	—	*3*
50	*H.53 - Postal and courier activities*	*4,891*	*3,935*	*54%*	*76*	*1*	—	—	—
51	**I - Accommodation and food service activities**	**8,117**	**5,816**	**10%**	**93**	**18**	**—**	**—**	**4**
52	**L - Real estate activities**	**37,011**	**10,721**	**—**	**1,376**	**179**	**143**	**35**	**1**
53	**Exposures towards sectors other than those that highly contribute to climate change***				**4,530**	**139**	**23**	**174**	**—**
54	**K - Financial and insurance activities**				**1,278**	**32**	**7**	**9**	**1**
55	Exposures to other sectors (NACE codes J, M - U)				3,251	106	16	165	3
56	**TOTAL**	**17,314,119**	**14,709,598**	**45%**	**16,042**	**743**	**275**	**323**	

[39] The percentage is equal to 0 in all cases where reporting is not available for the specific companies.

[40] Columns from L to O show the breakdown by outstanding life of the gross book value shown in column A.

[41] Equity exposures which are included in column (o) are not considered in the definition of weighted average maturity (column p).

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 Book Value of the in-scope exposures is stated, along with its breakdown:

- For disclosures of exposures based on EPC label, reference is made to the energy class stated in the energy certificates obtained by the Group;
- For the disclosure of exposures subject to transition risk based on 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 are split according to the geographical area where the collateral is located (i.e. EU or non-EU).

Approx. 85% of the total exposures (€12.4bn) regard the contribution of Mediobanca Premier, 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 a share of the loans granted to acquire properties covering approx. 33% 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 properties which have come to be owned as a result of enforcement procedures, 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.

Finally, 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 efficiency class certificates to be obtained for approx. €436m of the loans secured by residential properties (i.e. equal to approx. 42% of the Monaco loan book).

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

(millions of euro)

	Counterparty sector	a[42]	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount (in MEUR)															
			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**	**13,928**	**4,271**	**5,787**	**1,243**	**706**	**191**	**239**	**690**	**268**	**344**	**595**	**763**	**926**	**1,026**	**9,315**	**84.10%**
2	Of which Loans collateralized by commercial immovable property	1.757	57	79	172	98	111	193	44	18	26	43	39	29	37	1,521	31.16%
3	Of which Loans collateralized by residential immovable property	12,118	4,213	5,692	1,045	605	80	46	645	250	303	526	720	896	990	7,788	94.49%
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	53	1	16	26	4	1	—	1	—	16	26	4	1	—	5	—
5	*Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated[43]*	*7,833*	*2,939*	*3,949*	*376*	*317*	*94*	*158*								*7,833*	*100.00%*
6	**Total non-EU area**	**667**	**45**	**116**	**55**	**30**	**—**	**—**	**21**	**25**	**116**	**55**	**30**	**—**	**—**	**420**	**58.59%**
7	Of which Loans collateralized by commercial immovable property	81	—	—	—	—	—	—	—	—	—	—	—	—	—	81	—
8	Of which Loans collateralized by residential immovable property	586	45	116	55	30	—	—	21	25	116	55	30	—	—	340	72.49%
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[44]*	*246*	*45*	*116*	*55*	*30*	—	—								*246*	*100.00%*

[42] The gross carrying amount stated in column (a) is aligned with the figure included in the Finrep reporting.
[43] Line 5 is a component of the sum of lines 2, 3, and 4.
[44] 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 and predetermined number of sectors.[45]

In line with the requirements of Implementing Regulation No. 2022/2453 of the European Commission, the information on the progress made towards reaching these targets is provided in this Disclosure for the first time, and also, as usual, in the TCFD Report for FY 2023-24.

A description of the method used to estimate the information on sector alignment and also the source of the data is provided below.

As required by the EBA Guidelines, the disclosure on alignment must reflect the degree to which the cash flows are consistent with a process that will lead to low GHG emission and climate change-resilient growth, in line with the trajectory for limiting the increase in global warming provided for as part of the Paris Agreement.

It should be emphasized that the analysis has been performed for the Group's lending and investment portfolio;[46] the reference date for the portfolio is 30 June 2024, and the sector classification, based on the NACE code, reflects the internal analysis performed on the individual counterparties based on the information available specifically attributable to the counterparty, to allow the sector most closely aligned with the principal economic activity performed by it to be identified. The definition of coherent and achievable objectives which result in real reductions in emissions is closely dependent upon counterparties' correct sectors of operation being identified.

The Group's investment and lending counterparties classified as operating in the economic sectors specified in the instructions for compiling Pillar III Template 3 (Energy, Fossil Fuel Combustion, Automotive, Air Transport, Sea Transport, Production of Cement, Clinker and Limestone, Production of Iron and Steel, Chemical Products, plus further sector codes that are relevant for the Group) represent an exposure (in terms of Gross Carrying Amount) of approx. €4,609m,[47] of which:

- The Automotive sector has the largest share with an exposure of €1,441m (31% of the portfolio's total volume);
- The Power sector has an exposure of €793m (17% of the portfolio's total volume);
- The Aviation and Cement/Clinker/Limestone production sectors have exposures of €261m and €91m respectively (6% and 2% of the portfolio's total volume);
- The Oil & Gas sector has an exposure of €768m (17% of the portfolio's total volume);

[45] Reference is made to Annex 1 for a list of the sectors taken into consideration 1.
[46] In particular the following Group Legal Entities' exposures have been considered: Mediobanca S.p.A.; Mediobanca International (Luxembourg) SA; CMB Monaco; Mediobanca Premier S.p.A.; Compass Banca S.p.A.; Mb Facta S.p.A.; SelmaBipiemme Leasing S.p.A.; MB Credit Solutions.
[47] Cf. TCFD Report FY 2023-24, section 5.1.

— The Shipping sector has an exposure of €76m (2% of the portfolio's total volume);
— The Iron & Steel sector has an exposure of €92m (2% of the portfolio's total volume);
— The Chemicals sector has an exposure of €1,088m (24% of the portfolio's total volume).

After determining the counterparties for consideration, Mediobanca has chosen to use the services of an external info-provider, coupled with direct engagement with the most important counterparties, to obtain the emissions data necessary in order to be able to perform the analysis that led to the results required by the Pillar III regulations.

Emissions data has been obtained (from the data sources illustrated above) for approx. 85% of the total exposure for the industrial sectors under analysis.

The analysis has been performed for only a portion of the exposures for which emissions data could be obtained from the info-provider or which was otherwise available (either in the public domain or through direct discussions with the counterparty). This allows for maximum control to be obtained over changes in the data over time, which is of vital strategic importance as it avoids introducing further estimates and approximations. The approach is further justified by the high coverage achieved in terms of percentages, at 85% for the sectors analysed, which breaks down to 48.1% del for the Automotive sector, 42.5% for the Power sector, 33.2% for the Cement sector, 6,7% for the Aviation sector, 32.5% for the Oil & Gas sector, 58% for the Shipping sector, 6.6% for the Iron & Steel sector, and 88.5% for the Chemicals sector.

Based on the requirements of the specific methodologies employed and the types of emission data made available by the info-provider, each counterparty being analysed has been assessed by applying one or other of the two methodological approaches described below:

— **SDA methodology:** methodology developed by the Science-Based Target Initiative (SBTi), in which the emissions intensity target is defined by the reduction in emissions relative to a specific sector-based physical metric, in line with the type of products for the companies included in the sector concerned (e.g. tons of CO2e per ton of product manufactured);
— **Economic intensity methodology (GEVA):** in cases where it is impossible, for methodological reasons or due to an absence of data, to apply the SDA methodology, the target is set using an annual economic intensity reduction rate (tons of CO2e per unit of revenue) defined *a priori* as unchanging from year to year.[48] The percentage here is 7.67%.

In both cases the methodologies produce targets consistent with the IEA NZE2050 scenario, as required by the EBA Guidelines.

[48] An annual reduction percentage has been established for the years from 2022 to 2030; the 2025 target has been calculated based on this percentage. The percentage will not change until a target revision has been decided (generally every five years).

In cases where the analysis has been carried out using both the SDA and the GEVA methodologies for a given sector, it has been decided to disclose only the component deriving from the SDA analysis (in Template 3).

The reason for this is that the GEVA methodology is used primarily for monitoring purposes and to increase the coverage of the volumes analysed, as it is subject to increased volatility.

The preference for the SDA methodology is also due to the fact that it is based on the objectives declared by the counterparties themselves or subject to more solid estimation methodologies than those used in the GEVA method, where reduction percentages derived from internal estimates have to be applied to the counterparties.

The sector coverage percentages stated above obtained by considering only the share of volumes analysed using SDA or GEVA, based on the methodology used for the disclosure provided in Template 3.

For further details on the methodologies applied by the Group to perform the analysis, reference is made to the TCFD Report for FY 2023-24.

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

(millions of euro)

	a	b	c	d	e	f	g
	Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (mio EUR)	Alignment metric**	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
1	Power	351 3511 3514	338	*Average tonnes of CO2 equivalent per MWh [tonnes of CO2eq per MWh]* ***0,21***	2023	(1.10)	0.23
2	Fossil fuel combustion	610	249	*Average grams of CO2 equivalent per MJ [grams of CO2eq per MJ]* ***67,15***	2023	30.62	62.66
3	Automotive	2910	693	*Average grams of CO2 equivalent per vehicle-km [grams of CO2eq per vkm]* ***153,59***	2023	43.29	110.18
4	Aviation	5110	17	*Average tonnes of CO2 equivalent per passenger-km [tonnes of CO2eq per pkm]* ***85,79***	2023	1.00	89.18
5	Maritime transport	5229, 5222, 3011, 3012, 5224, 301, 5010, 5020	44	*Average tonnes of CO2 equivalent per unit of Revenue [tonnes of CO2e per Million ($)]* ***21,32***	2023	—	16.78
6	Cement, clinker and lime production	2351 2361	30	*Average tonnes of CO2 equivalent per tonne of output [tonnes of CO2eq per tonne of cement]* ***0,60***	2023	33.87	0.59
7	Iron and steel, coke, and metal ore production	2420, 4672, 2410, 2511, 2454, 251, 2451, 2433, 245, 2434, 2445, 2453, 2431, 2444, 2452, 2442, 2432	24	*Average tonnes of CO2 equivalent per unit of Revenue [tonnes of CO2e per Million ($)]* ***171,89***	2023	—	135.3
8	Chemicals	2120, 2100, 2011, 7211, 2060, 2041, 2016, 2059, 2042, 2020, 201, 204, 2015, 2110, 205, 2030, 2052, 721, 2051, 7219, 2053, 2017	963	*Average tonnes of CO2 equivalent per unit of Revenue [tonnes of CO2e per Million ($)]* ***73,95***	2023	—	58.21
9	… potential additions relevant to the business model of the institution	—	—	—	—	—	—

*** PiT distance to 2030 NZE2050 scenario in % (for each metric)

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 (the "Top 20"). In performing its analysis the Group has considered both direct exposures to the Top 20, and those to companies belonging to the same economic group as one of the Top 20.[49]

The Mediobanca Group has a single exposure to one company owned by one of the Top 20, equal to 0.017% of the total gross carrying amount of the Group's banking book.[50].

It should be noted that column (c), regarding the Taxonomy-aligned share of assets versus the CCM objective, has not been completed because the counterparty referred to above is not based in the European Union and is therefore not subject to the EU Taxonomy Regulation reporting obligations.

The lists used to identify such exposures are as follows:[51]

— Carbon Majors Database - Carbon-Majors-Report-2017.pdf (cdp.net);
— Climate Accountability Institute - CAI Press Release December 20 (climateaccountability.org).

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

(millions of euro)

	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	13	0.017%	—	2	1

[49] Cf. Q&A 2022_6536 of 19 February 2023.
[50] All banking book exposures have been considered, including loans and advances, debt securities and equity-like instruments, excluding financial assets held for trading and financial assets held as available for sale.
[51] Both the lists used are found in the annexes to this document.

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

Information is provided here 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 according to the counterparty's sector of economic activity (NACE classification) and geographic area (with detail for Italy, the Eurozone and the Rest of the World), broken down into two macro-categories: Non-Financial Corporate Counterparties and Loans Secured by Properties.

Loans secured by properties

The Group's loans guaranteed by properties are concentrated almost exclusively on the domestic market, with approx. 46% located in Northern Italy, approx. 27% in Central Italy, approx. 18% 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.

More specifically, the approach generally adopted by the scientific literature and by best practice (in the insurance sector in particular) has been followed to estimate the damage expected from natural events. According to these criteria, the expected damage is estimated based on "Susceptibility" (the likelihood of a certain area to be subject to a given type of catastrophic event as a result of its specific structural or geomorphological features); the "Exposure Time" (the reference period for which the asset is exposed to the danger[52]); the "Damage" (the expected value of the event's consequences); and the "Vulnerability" (i.e. the greater or lesser capacity of the individual assets to withstand the even or their specific propensity for damage). The risk for a property in relation to a physical event may therefore be represented in synthetic and simplified terms by the following equation:

$$Risk = Probability \times Vulnerability \times Exposure$$

The methodological approach is based on the same criteria adopted since 30 June 2023, which involve accurate estimates the degree of exposure to physical risk calculated starting from the precise geolocation of the properties and a well-structured database of information on the individual properties (e.g. the property's use or its floor plan, precise information on morphological, physical

[52] The longer the reference time period is, the higher the likelihood that a given event could occur. This in theory means that in a high risk area, an event does not necessary translate to higher expected damage if the exposure time is very brief.

and anthropic factors for the area in which the property is located, etc.). The results of the analysis therefore reflect accurate impact estimates based on the characteristics of the individual properties being used as collateral.

The physical risk factors taken into consideration are as follows:

- Acute Physical Risks: Flooding (rivers and coastal)[53] and Landslides.
- Chronic Physical Risks: Coastal Erosion.[54]

These climate risk factors are the most relevant for Italy, and in terms of materiality, together with seismic risk (non-climatic risk factor), constitute virtually all of the relevant physical risks for properties in the country.

The flooding and landslide risk factors have been classified conventionally, as "acute" physical risk; this is consistent with a paper recently issued the ECB.[55] Coastal erosion by contrast, in view of its gradual nature and the progressive structural manifestation of its impacts, has been considered as a "chronic physical risk factor".

To compile the template, all properties for which the sum of the economic impacts expected from landslides and flooding represent more than 5% of the value of the collateral stated at the reference reporting date have been classified as being exposed to "acute" physical risk. Similarly, all properties for which the economic impacts expected to derive from coastal erosion again are higher than 5% of the value of the collateral have been classified as being exposed to "chronic" physical risk. Lastly, all properties for which the expected economic impacts exceed both limits referred to above are classified as being exposed to both "acute and chronic" physical risk.

The methodology used for the acute physical risk factors of landslides and flooding involves the following steps:

- Geolocation: precise identification of the geographical co-ordinates of the property concerned based on its address.

[53] More specifically, the flooding risks mapped by ISPRA follow the guidance laid down by Directive 2007/60/EC and include the risk of temporary flooding of areas not usually covered by water, caused by rivers, torrents, canals, lakes, and for coastal areas, by the sea.

[54] Coastal erosion is defined as the loss, temporary or permanent, of coastal areas following removal of portions of sediment or sub-stratum from the coastline as a result of the action of currents and the failure to carry out beach nourishment and/or due to the occurrence of extreme events (such as storms, tsunami, etc.); alongside erosion, there may also be a chronic flooding process linked to phenomena such as coastal subsidence (sinking land) or to the sea-level rising. Both processes imply the coastline retreating with the sea covering areas previously anthropized, making them effectively unusable for construction and/or economic activities. The risk of coastal areas being flooded "temporarily" is included within flooding risk as an acute physical risk phenomenon, and as such it is already included in the flooding risk maps, hence it is not treated as part of erosion risk to avoid the effects of double-counting in the impact estimates.

[55] "In contrast to other providers of physical risk indicators, the focus here lies on acute natural hazards rather than on chronic changes in weather extremes. While data availability is better and data processing is easier for chronic hazards, acute hazards can be linked to physical damage in a more intuitive and exact way. For instance, an increase in precipitation can result in several natural hazards such as flooding, subsidence or landslides. However, it is not possible to directly measure damages caused by the higher precipitation without being transformed into a natural hazard." (ECB, *Towards climate-related statistical indicators*, January 2023).

— Risk area: the property is assigned a risk class based on its geographical position. The geographical risk maps provided by ISPRA (*Istituto Superiore per la Protezione and la Ricerca Ambientale*) and by the Joint Research Centre (European Commission, for properties located outside of Italy) have been used.

— Damage Function: for each level of damage (Damage) a return period (Return Period) is assigned to the property, i.e. a probability of occurrence (likelihood of the levels being exceeded[56]). The function is derived from the combination of two functions:

  — *Damage versus Intensity*, which estimates the percentage of damage done to the property, comprised within a range between 0 and 1, in relation to the physical phenomenon's degree of intensity;[57] the damage functions are specific for each risk factor (landslides and floods)[58].

  — *Intensity versus Return Period*, which, for each area at risk, assigns the physical phenomenon's intensity levels to the likelihood of the levels being exceeded derived from the Return Periods of the extreme events linked to the different areas of physical risk; the function also incorporates an estimate of the future reduction of the Return Period (increase in probability) for events of equivalent intensity, associated with the expected climate change linked to the climate scenario used as the benchmark (Divergent Net Zero), which in the scenarios identified by the Network for Greening the Financial System (NGFS), is one of the Disorderly Scenarios.[59]

The Expected Damage is calculated as the integral of the Damage Function which assigns the probability of the levels being exceeded accumulated over the entire time horizon considered for each potential damage level. To proceed from the damage expected to the impact in economic terms on the value's property, the reconstruction costs following the expected damage are estimated using a function based on the property's market price (decreasing function of the reconstruction costs relative to the property's market price). As a reference time horizon for the estimates, the outstanding life of the credit exposure linked to the real estate collateral is used. Considering that often the time horizons are long, the annual damage values are discounted to the reporting date.

[56] The probability of an event of an intensity equal to or higher than a given level (in excess) must occur within a given period of time. The likelihood of the levels being exceeded must occur within a certain period of time. The likelihood of the levels being exceeded is linked to the Return Periods (e.g. once every hundred years). Naturally, the longer the return periods, the lower the probability of the event occurring, and vice versa.

[57] Provision has been made for different Damage Functions based on the type of property involved (residential, commercial or industrial); the floor of the building on which the property is located (for flooding risk). The Damage Functions are derived from empirical research described in the scientific literature on this subject. For "flooding risk" reference has been made in particular to Huizinga, J., De Moel, H. and Szewczyk, W., *Global Flood Depth-Damage Functions: Methodology and the Database with Guidelines*, EUR 28552 EN, Publications Office of the European Union, Luxembourg, 2017. For "landslide risk", a function has been adopted based on several studies, in particular the one by Cruden, D.M.,Varnes, D.J.,1996, *Landslide Types and Processes,* U.S. National Academy of Sciences, Special Report, 247: 36-75.

[58] For flooding risk, the damage functions have been recalibrated based, among other things, on the water depth and the speed of the potential flooding (information available from the risk maps).

[59] The reduction in the Return Periods due to climate changes has been estimated based on the empirical ratio between the number of extreme events linked to hydrogeological risk (Flooding + Landslides) and the increase in temperatures compared to the pre-industrial period. The analysis has been compiled using the EM-DAT database (https://public.emdat.be/).

The impacts of the flooding and landslide physical risks are then added together for each property as they are considered independent risks, and for this reason, as they are unlikely to occur simultaneously, they may indeed be treated as being effectively incompatible. Therefore, in accordance with the principles of probability theory, the estimated impacts deriving from the various relevant risks may be added together. The result of this addition provides the percentage of damage expected for each property over the residual time horizon for the exposure.

The starting point for the chronic physical risk modelling process for coastal erosion is to identify the property's location using a geolocation system, which is followed by two fundamental steps. The objective of the first step is to establish whether the property is a coastal area. The second step involves constructing a Coastal Vulnerability Index (CVI), based on four sub-indexes defining the fundamental sizes that determine the vulnerability linked to coastal erosion.[60] Finally, in the last step, a normalized loss rate in the 0-1 range is assigned for each CVI value, based on which the risk (or expected economic impact) is estimated in terms of the property's loss of value.

The estimated risk of coastal erosion does not include the acute component caused by temporary short-term events (which are included in flooding risk); but concentrates instead on the chronic component caused by slow and gradual processes, that ultimately lead to the coastal area flooding permanently. Considering that coastal erosion is a component of chronic risk, the economic impact of this phenomenon is based on criteria of partial or total loss of value for the property, which is better suited to picking up the effects of this phenomenon, unlike other physical risks such as flooding or landslides which are based on the criterion of damage and subsequent reconstruction costs. Indeed, if coastal erosion, in the absence of any anthropical mitigation measures implemented, results in the area where a property is located being submerged, this will inevitably determine its total loss of value.

Precise geolocations have been established for over 80% of the properties, to which the methodology described above can be applied. For the remainder of the properties, i.e. those for which the geolocation process has not provided a sufficiently high level of confidence, a simplified methodology has been applied based on the same criteria but at the level of municipality rather than the individual property, with the average expected economic impact values for each municipality being estimated as the weighted average of the properties located in the various physical risk areas of the municipality. This methodology[61] tends to have a prudential effect, as on average it tends to overestimate the properties' exposure to physical risks.

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[60] According to the most authoritative scientific literature, the CVI is estimated using the following four sub-indexes: SET – Shoreline Evolution Trend (estimate of vulnerability via a combined ranking score considering the various morphological, physical and anthropical factors for the coastal area); SRR – Shoreline Retreat Rate (estimate of coastal retreat caused by erosion defined narrowly based on projections of the rise in the sea level and the distance of the property from the coast line); EDR - Elevation Decay Rate (estimate of the coastal retreat caused by the sea level rising compared to the property's average height above sea level); GDPPC – Gross Domestic Product per Capita (estimate of human adaptation capacity, i.e. the capability to implement processes that could mitigate the effects of coastal erosion in the area where the property is located). The rising sea level projections are obtained based on the climate scenario used as a benchmark (Delayed Transition).

[61] Applied to approx. 18% of the properties.

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 physical risks and acute physical risks, by using a quantitative methodological 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.[62] 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 potential 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 are determined based on the Delayed Transition climate scenario, according to which the effects are graduated in terms of probability of occurrence and intensity of climate phenomena.

the effects are graduated in terms of probability of occurrence and intensity of climate phenomena involved, with two categories of company in particular considered:

— 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. In such cases, the production sites and reference market tend to be spread across several geographies (generally in proportion to their size, so the direct impacts of climate changes and extreme adverse events are at least partly mitigated/diversified. Conversely, indirect impacts assume much greater importance for such counterparties, including, for example, disruption to the value and distribution chains, which impact negatively on the company's productivity and hence also its credit standing;[63]

— 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 perform their economic activities in relatively concentrated sites and markets in geographical terms, with relatively limited company value chains. For this category of company, direct and geographically localized physical risk is more relevant. Thus, for this type of company, the degree

[62] "…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.

[63] Cf. NGFS, Acute Physical Impact from Climate Change and Monetary Policy, NGFS Report, August 2024.

of exposure to acute physical risks is estimated based on the precise geographical location of its main place of business. This grouping consists almost entirely of Italian counterparties.

The counterparty type is identified on a simplified basis at present, based on company revenues: companies with revenues of above €50m have been treated as "Global" Connected Corporate Counterparties, and those with revenues below this figure as "Local" Small Business Counterparties.

The "Global" Connected Corporate Counterparties have been classified as exposed to physical risk if the potential annual negative impact from one or other risk factor exceeds the threshold of 1% of their net equity. The potential impact of physical risk has been estimated based on a methodology that considers the aggregate impacts (but primarily indirect impacts for this type of company) deriving from the set of all physical risk factors, but still distinguishing between acute and chronic physical risk factors. This methodology is based on the application of two damage functions,[64] one for chronic physical risk and the other for acute physical risk, both expressed in terms of GDP loss rates; these loss rates are then rescaled relative to the individual companies, using a transformation function,[65] which has the objective of converting the loss rates returned by the Damage Function expressed in terms of GDP to loss rates at the level of turnover for the individual company. The function incorporates a calibration system which takes account of the company's operating structure, based on a ranking system using various accounting and size variables for each company, so the effects can be allocated according to how potentially sensitive/exposed the companies are to this type of risk.

Regarding the classification of "Local" Small Business Counterparties in the "exposed to chronic physical risk" category, for the Italian domestic loan book only, a methodology is adopted which is similar to the one used for the "Global" Connected Corporate Counterparties, i.e. based on a chronic risk damage function and a transformation function. In this case, however, the damage function considers Italian GDP, which is rescaled based on the level of the increase in temperatures

[64] The damage function for chronic physical risks captures the expectations in terms of the reduction in labour and capital productivity due to rising temperatures, excluding impacts deriving from extreme events (acute physical risk) and social indirect phenomena, such as pandemics, migrations, conflicts, etc.). The damage function for acute physical risks captures the impacts deriving from acute extreme physical events. The damage functions are taken from the NGFS scenarios, and in particular refer to the most recent release in November 2023 ("Phase IV"). The risk estimates include four categories of extreme events: floods, heatwaves, tropical cyclones and draughts. The estimates are based on the NiGEM (National Institute Global Econometric Model). The methodological approach adopted by the NGFS factors second- as well as first-order damages into the acute physical risk estimates, which are very important. These impact estimates also reflect the growing trend in the frequency and intensity of future extreme effects (and their impacts) compared to the historical data, in relation to the trends in global warming provided for in the reference climate scenario (Delayed Transition).

[65] The transformation function considers two factors:

— The first factor (Physical Risk Sensitivity) serves to establish whether the company will have a higher or lower loss rate than the general one for GDP in the relevant geographical area because of its particular sensitivity to physical risk. This is determined based on the company's ranking within its own reference geographical area, relative to the value of an indicator that acts as a driver for the degree of exposure to physical risk. The indicator adopted for this purpose is physical capital intensity per employee, based on the rationale that the higher the physical capital intensity (tangible fixed assets and inventories divided by revenues), the higher the company's degree of exposure to the physical risks will be.
— The second factor (Physical Risk Scaling Factor) serves to translate the loss rate into a loss of value based on the company's size and the value added it produces, as the latter indicates each individual company's contribution to the GDP of a country or more generally of a geographical area. This naturally implies that, assuming the same conditions, the higher the value added of a company is, the higher its expected loss will be for a given rate of reduction in GDP.

at the level of province.[66] Consequently, the ranking based on which the loss rate starting from the change in Italian GDP is determined, tends to penalize mostly those companies located in Italian provinces where in the past the most significant anomalies in terms of the increase in temperatures have been recorded.

For the "Local" Small Business Counterparties, the classification methodology in the "exposed to acute physical risk" category considers three risk factors: flooding, landslides, and droughts. The risk factors have been estimated based on the geolocation of their place of operation, and they have been assigned to the relevant classes of physical risk based on the risk maps.

For the landslide and flooding risk factors the economic damage has been determined on the basis of two components:

– The direct impact caused by the physical event in terms of the damage done to the company's fixed tangible assets, which is calculated using a damage function that assigns a value for the impact as a percentage of the sum of the gross value of the company's fixed tangible assets and its inventories; the damage functions used vary according to the sector in which the company operates;[67]
– The indirect impact related to the reduction in revenues due to the lower production capacity as a result of the estimated damage to the tangible assets referred to in the previous point, and to the temporary interruption of the production cycle associated with the company risk area.

As well as reflecting the historical data on return times for each risk area, the probability functions also factor in an estimate of the future reduction of the return periods (increase in probability) for events of the same intensity due to the climate scenario used as reference.

The methodology used for "drought" risk concentrates exclusively on the segment of Italian firms operating in high intensity water use sectors, [68] and is based on the SPI (Standardized Precipitation Index)[69], an index which enables the degree of intensity of a drought in a given location to be measured.

[66] The average of the following three ISTAT indicators: average temperature in the 2010-20 period; average number of days with temperatures of above 25°c in the 2006-20 period; the highest of the maximum temperatures recorded in the 2006-20 period.
[67] The macro-sectors considered are: Industry; Commerce; Transport, Agriculture and Infrastructure. The damage functions have been taken from Huizinga, J., De Moel, H. and Szewczyk, W., *Global Flood Depth-Damage Functions: Methodology and the Database with Guidelines*, EUR 28552 EN, Publications Office of the European Union, Luxembourg, 2017. The damage functions to be applied to each company are decided on the basis of a mapping table (cf. Lepore, C., and Fernando, R., *Global Economic Impacts of Physical Climate Risks*. International Monetary Fund Working Paper 23/183, 2023.) between the NACE sector concerned and the corresponding macro-sector in Huizinga *et al*. (2017).
[68] In particular the sectors considered are as follows: Agriculture; Mining; Electricity Generation; Water Collection, Treatment and Supply; Construction; Textiles; Petrochemicals; Pharmaceuticals; Rubber and Plastic Materials; Paper; Products in Metal, Transport via Inland Waterways.
[69] The SPI is based on the cumulative monthly precipitation in a given area, and quantifies a deficit or surplus of rainwater compared to the average values for a reference period (which is generally at least 30 years). The SPI can be calculated based on different timing aggregation scales (1, 3, 6, or 12 months), and allows different types of drought to be identified (short-term or long-term droughts).

The economic impacts are estimated via a damage function, which matches the likelihood of drought events of different intensities associated with "critical" SPI values with the related economic impacts. The damage functions have been calibrated based on the scientific literature on the subject, and provide an estimate of the impacts in terms of the reduction in value added of the company's output, which can be rescaled for the individual counterparties.[70]

The distribution of probabilities for the SPI has been derived empirically on the basis of historical series of monthly data available at the level of provinces for the 1981-2022 period.[71] The probability functions have been adjusted based on the reference climate scenario to reflect the potential effects of the future climate changes assumed by the scenario. The adjustment is based on the empirical relation between the trend in the SPI and the temperature levels historically recorded.

[70] Reference has been made in particular to: Naumann G, Spinoni J, Vogt J, Barbosa P. *Assessment of Drought Damages and their Uncertainties in Europe*. Environmental Research Letters 10 (12), 2015; and Cammalleri, C., Naumann, G., Mentaschi, L., Formetta, G., Forzieri, G., Gosling, S., Bisselink, B., De Roo, A. and Feyen, L., *Global Warming and Drought Impacts in the EU*, EUR 29956 EN, Publications Office of the European Union, Luxembourg, 2020.
[71] Source: Copernicus – European Union Space Programme.

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

(millions of euro)

	a	b[72]	c	d	e	f	g	h	i	j	k	l	m	n	o
	Italy	Gross carrying amount (€mio)													
			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	25	6	—	—	—	2	—	4	2	1	—	—	—	—
2	B - Mining and quarrying	3	1	—	—	—	3	—	—	—	—	—	—	—	—
3	C - Manufacturing	3,350	1,310	231	2	5	3	58	854	636	75	10	(11)	(2)	(4)
4	D - Electricity, gas, steam and air conditioning supply	912	475	4	—	—	1	4	312	163	2	—	—	—	—
5	E - Water supply; sewerage, waste management and remediation activities	71	16	15	—	—	3	5	26	—	—	—	—	—	—
6	F - Construction	314	65	7	3	—	4	5	23	48	3	2	(2)	—	(1)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	561	191	59	4	—	3	43	112	99	8	1	(3)	—	—
8	H - Transportation and storage	816	395	1	1	—	4	21	369	7	3	1	(1)	—	—
9	L - Real estate activities	570	72	14	2	—	2	17	28	43	1	—	—	—	—
10	Loans collateralized by residential immovable property	11,709	3	31	269	634	24	55	874	9	64	13	(11)	(4)	(6)
11	Loans collateralized by commercial immovable property	1,757	1	9	20	41	22	2	68	—	4	1	—	—	—
12	Repossessed collaterals	53	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)	2,286	901	14	—	25	2	36	393	512	23	1	(3)	(1)	(1)
	of which:														
14	*J - Information and Communication*	*748*	*168*	*2*	—	*25*	*4*	*3*	*157*	*35*	*17*	—	*(1)*	—	—
15	*M- Professional, scientific and technical activities*	*677*	*290*	*4*	—	—	*1*	*7*	*225*	*62*	*2*	—	*(1)*	—	—
16	*N - Administrative and support service activities*	*651*	*423*	*2*	—	—	*2*	*10*	*4*	*412*	*1*	*1*	—	—	—

[72] The GBV shown in column (b) is aligned with the figure contained in the Finrep reporting.

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

(millions of euro)

	a	b[73]	c	d	e	f	g	h	i	j	k	l	m	n	o
	European Union	Gross carrying amount (€mio)													
			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	99	99	—	—	—	1	—	99	—	—	—	—	—	—
3	C - Manufacturing	1,611	323	—	—	—	1	—	303	20	—	—	—	—	—
4	D - Electricity, gas, steam and air conditioning supply	356	87	—	—	26	22	—	87	26	—	—	—	—	—
5	E - Water supply; sewerage, waste management and remediation activities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	F - Construction	299	108	—	—	—	4	—	—	108	—	—	—	—	—
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	589	3	—	—	—	1	—	3	—	—	—	—	—	—
8	H - Transportation and storage	268	120	—	—	—	2	—	100	20	—	—	—	—	—
9	L - Real estate activities	324	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Loans collateralized by residential immovable property	409	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Loans collateralized by commercial immovable property	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Repossessed collaterals	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)	1,300	261	2	—	—	2	—	123	140	9	—	(2)	—	—
	of which:														
14	*J - Information and Communication*	*182*	*133*	*2*	—	—	*3*	—	*69*	*67*	—	—	—	—	—
15	*M- Professional, scientific and technical activities*	*438*	*6*	—	—	—	*3*	—	*6*	—	—	—	—	—	—
16	*N - Administrative and support service activities*	*106*	*12*	—	—	—	—	—	—	*12*	*9*	—	—	—	—

[73] The GBV shown in column (b) is aligned with the figure contained in the Finrep reporting.

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

(millions of euro)

	a	b[74]	c	d	e	f	g	h	i	j	k	l	m	n	o
	Rest of the world	Gross carrying amount (€mio)													
			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	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3	C - Manufacturing	1,013	161	—	—	—	1	—	46	114	—	—	—	—	—
4	D - Electricity, gas, steam and air conditioning supply	34	—	—	—	—	—	—	—	—	—	—	—	—	—
5	E - Water supply; sewerage, waste management and remediation activities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	F - Construction	51	—	—	—	—	—	—	—	—	—	—	—	—	—
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	248	27	—	—	—	—	—	—	27	—	—	—	—	—
8	H - Transportation and storage	53	—	—	—	—	—	—	—	—	—	—	—	—	—
9	L - Real estate activities	839	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Loans collateralized by residential immovable property	586	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Loans collateralized by commercial immovable property	81	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Repossessed collaterals	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)	1,388	—	—	—	—	—	—	—	—	—	—	—	—	—
	of which:														
14	*J - Information and Communication*	*165*	—	—	—	—	—	—	—	—	—	—	—	—	—
15	*M- Professional, scientific and technical activities*	*188*	—	—	—	—	—	—	—	—	—	—	—	—	—
16	*N - Administrative and support service activities*	*34*	—	—	—	—	—	—	—	—	—	—	—	—	—

[74] The GBV shown in column (b) is aligned with the figure contained in the Finrep reporting.

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

(millions of euro)

	a	b[75]	c	d	e	f	g	h	i	j	k	l	m	n	o
	Total		Gross carrying amount (€mio)												
			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	25	6	—	—	—	2	—	4	2	1	—	—	—	—
2	B - Mining and quarrying	102	99	—	—	—	1	—	99	—	—	—	—	—	—
3	C - Manufacturing	5,974	1,793	231	2	5	3	58	1,203	771	75	10	(12)	(2)	(4)
4	D - Electricity, gas, steam and air conditioning supply	1,301	562	4	—	26	5	4	399	189	2	—	(1)	—	—
5	E - Water supply; sewerage, waste management and remediation activities	71	16	15	—	—	3	5	26	—	—	—	—	—	—
6	F - Construction	665	174	7	3	—	4	5	23	156	3	2	(2)	—	(1)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,398	222	59	4	—	3	44	115	126	8	1	(3)	—	—
8	H - Transportation and storage	1,137	515	1	1	—	3	21	469	27	3	1	(1)	—	—
9	L - Real estate activities	1,733	72	14	2	—	2	17	28	43	1	—	—	—	—
10	Loans collateralized by residential immovable property	12,704	3	31	269	634	24	55	874	9	64	13	(11)	(4)	(6)
11	Loans collateralized by commercial immovable property	1,838	1	9	20	41	22	2	68	—	4	1	—	—	—
12	Repossessed collaterals	53	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)	4,975	1,162	17	—	25	2	36	516	651	32	1	(5)	(1)	(1)
	of which:														
14	*J - Information and Communication*	*1,095*	*301*	*4*	—	*25*	*3*	*3*	*226*	*102*	*17*	—	*(2)*	—	—
15	*M- Professional, scientific and technical activities*	*1,302*	*296*	*4*	—	—	*1*	*7*	*231*	*62*	*2*	—	*(1)*	—	—
16	*N - Administrative and support service activities*	*791*	*435*	*2*	—	—	*2*	*10*	*4*	*424*	*10*	*1*	*(1)*	—	—

[75] The GBV shown in column (b) is aligned with the figure contained in the Finrep reporting.

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

(millions of euro)

	TOTAL	Gross carrying amount (€mio)		PHYSICAL RISK/ GROSS CARRYING AMOUNT (%)
			of which exposures sensitive to impact from climate change physical events	
1	A - Agriculture, forestry and fishing	25	7	26.82%
2	B - Mining and quarrying	102	99	97.03%
3	C - Manufacturing	5,974	2,031	34.00%
4	D - Electricity, gas, steam and air conditioning supply	1,301	592	45.48%
5	E - Water supply; sewerage, waste management and remediation activities	71	31	43.79%
6	F - Construction	665	184	27.72%
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,398	284	20.33%
8	H - Transportation and storage	1,137	517	45.46%
9	L - Real estate activities	1,733	88	5.07%
10	Loans collateralized by residential immovable property	12,704	937	7.38%
11	Loans collateralized by commercial immovable property	1,838	71	3.84%
12	Repossessed collaterals	53	—	—
13	Other relevant sectors (breakdown below where relevant)	4,975	1,204	24.20%
14	J - Information and communication	*1,095*	*330*	*30.15%*
15	*M- Professional, scientific and technical activities*	*1,302*	*300*	*23.03%*
16	*N - Administrative and support service activities*	*791*	*438*	*55.38%*

The estimates as at end-June 2024 for the non-financial corporate component, are not significantly different from those as at end-December 2023. Overall the exposure to physical risks stands at around 29% (in line with the figure at end-December 2023, of 28.2%), higher than at end-June 2023 (26.5%), but the split between chronic and acute physical risks changes significantly. This change, as mentioned in the Disclosure to the Public at end-December 2023, is due primarily to the new estimates linked to the NGFS climate scenarios (“Phase IV”, released in November 2023).

For the Loans collateralized by property and Repossessed collaterals components, the exposure to physical risk decreased from 7.8% at end-June 2023 to 7.43% at end-December 2023 and to 6.91% at end-June 2023, a reduction of approx. 40 bps.

The total exposures sensitive to physical events related to climate risk amount, for the Non-Financial Corporate component, to €3,820.1m for Italy, to €1,029.5m for the other EU Member States, and to €188.1m for the Rest of the World (equal to 42.88%, 21.25% and 5.19% of the total gross book value 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 if for Italy, which

amounts to €1,007.9m (equal to 6.91% of the total gross book value for the country of Italy). The fine-tuning of the risk calculation methodology, as described above, above has enabled the physical risk to be analysed much more precisely, which has resulted in a reduction of the impact compared to the previous disclosures.

It should be noted that the methodology for calculating exposures subject to physical risk is constantly evolving; the expansion of the information dataset available and the refinement of the methodologies used is believed to lead to a progressive improvement of the Group's internal estimates.

Template 6: Summary of GAR KPIs

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 based on the data shown in Templates 7 and 8.

In detail, the Template shows the following KPIs for both stocks and flows:[76]

- GAR CCM: percentage of Taxonomy-aligned exposures versus the CCM objective out of the Group’s “total GAR assets”;[77]
- 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: percentage of “Total GAR assets” out of the Group’s total assets.

Template 6: Summary of GAR KPIs

	06/30/2024			
	KPI			% coverage (over total assets)*
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR stock	1.69%	0.06%	1.75%	43.98%
GAR flow	0.44%	0.06%	0.50%	14.67%

* % of assets covered by the KPIs out of the banks’ total assets.

[76] Reference is made to Template 8 for further information on the definition of stocks and flows.
[77] The total GAR assets correspond to the Gross Carrying Amount stated in row 32 of Template 7.

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

Template 7 shows the gross carrying amount of loans and advances, debt securities and equity-link instruments held as part of the banking book, with a breakdown by counterparty type (including financial companies, non-financial companies, households, local administrations, and mortgage loans to households).

Columns (b) to (p) show the percentage of sustainable assets in view of the Climate Change Mitigation (CCM) and Climate Change Adaptation (CCA) objectives and at the Total level[78] referred to in Article 9, letters a) and b), Regulation (EU) 2020/852 (the "EU Taxonomy Regulation"), which lays down the regulatory framework to promote sustainable investments, distinguishing between two different degrees of sustainability:

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

The Group has published KPIs for those of its assets that are Taxonomy-eligible and Taxonomy-aligned versus the CCM and CCA objectives in this section, and provides details on all its Taxonomy-eligible and Taxonomy-aligned assets in the Consolidated Non-Financial Disclosure (the CNFS), where disclosure is provided of the Taxonomy-eligible assets (versus all six environmental objectives[79]) and Taxonomy-aligned assets (versus the CCM and CCA objectives).

Template 7 splits the exposures based on the role that these have in calculating the Green Asset Ratio (GAR). This indicator shows the percentage of Taxonomy-aligned assets out of the total exposures included in the Group's total assets. In this template it is therefore also possible to distinguish between:

- Assets included in both the numerator and denominator of the GAR (i.e. exposures in "loans and advances", "debt instruments" and "equity instruments" versus financial and non-financial corporates subject to the NFRD, exposures to households as "motor vehicle loans", "loans collateralized by immovable properties" and "loans for renovations", loans to local governments, and loans collateralized by commercial and residential immovable properties;
- Assets excluded from the GAR numerator (i.e. exposures in "loans and advances", "debt instruments" and "equities" versus financial and non-financial corporations subject to the NFRD, derivatives, interbank loans, cash and liquid assets, and other assets);

[78] In line with the regulatory requirements, the percentages of environmentally-sustainable assets provided at the TOTAL level in this document refer to the CCM and CCA objectives only.

[79] The term "environmental objectives refers to the following: Climate Change Mitigation (CCM), Climate Change Adaptation (CCA), Water and marine resources (WMR), Circular economy (CE), Pollution (P) and Biodiversity and Ecosystems (BE).

— Assets excluded from both the GAR numerator and denominator (i.e. sovereign exposures, exposures to central banks, exposures versus the trading book).

The percentage of sustainable assets identified by the Group and stated in the Template are turnover-based, in line with the requirements of Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022. A summary of the methodological approach used by the Group to quantify these assets is provided below:

— For retail exposures for motor vehicle loans, loans collateralized by residential properties, and repossessed collaterals, the Group has used the technical and DNSH criteria laid down in Annex I of the Climate Delegated Act, in particular as follows:
  - For motor vehicle loans, exposures to vehicles in categories M1, N1 and L have been treated as Taxonomy-eligible, while vehicles in category L and those made by producers that meet the Minimum Safeguards have been treated as Taxonomy-aligned.[80] Taxonomy-aligned exposures with CO_2 emissions of above 0 gCO_2/km have been treated as Taxonomy aligned – transitional;
  - For loans collateralized by residential properties, and repossessed collaterals, all the exposures held by the Group have been treated as Taxonomy-eligible, while exposures to properties with the following characteristics have been treated as Taxonomy-aligned:
    - Date of construction prior to 31 December 2020;
    - Energy class A certificate;
    - With nil or low exposure to climate physical risks. To identify such properties, the Group has used an external info-provider to obtain the exposures to landslide and flooding climate physical risks.

— For exposures in debt securities, loans and advances and equities versus corporate counterparties, the Group has decided to use an info-provider to obtain the eligibility and alignment percentages disclosed by the counterparties in their Sustainability Reports and CNFS.

It should also be noted that the share of Taxonomy-aligned assets at the Total level is again equal to the sum of the two climate objectives CCM and CCA, in line with Commission Implementing Regulation (EU) 2022/2453.

As regards the Taxonomy-eligible assets, it should be emphasized that the data provided by the info-provider do not always refer individually to the eligibility percentages versus CCM and/or CCA, because some counterparties disclose the percentages only as part of the Total in their CNFS. Thus if no details are available for the specific objective, only the Total share has been considered. This means that the Taxonomy-eligible assets at the Total level stated in column (l) do not coincide with the sum of columns (b) and (g) for the CCM and CCA objectives respectively.

[80] Cf. FAQ on the Taxonomy Regulation of the European Commission, 21 December 2023.

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

(millions of euro)

		a	b	c	d	e	f
		Gross carrying amount	06/30/2024				
			Climate Change Mitigation (CCM)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)			
					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**	**44,190**	**18,643**	**1,238**	**—**	**71**	**492**
2	**Financial corporations**	**8,459**	**1,359**	**120**	**—**	**12**	**53**
3	Credit institutions	3,557	900	48	—	10	8
4	Loans and advances	2,904	702	36	—	9	5
5	Debt securities, including UoP	653	198	12	—	1	3
6	Equity instruments	—	—	—		—	—
7	Other financial corporations	4,902	459	73	—	2	45
8	of which investment firms	—	—	—	—	—	—
9	Loans and advances	—	—	—	—	—	—
10	Debt securities, including UoP	—	—	—	—	—	—
11	Equity instruments	—	—	—		—	—
12	of which management companies	194	37	14	—	1	14
13	Loans and advances	44	29	14	—	—	14
14	Debt securities, including UoP	—	—	—	—	—	—
15	Equity instruments	150	8	—		1	—
16	of which insurance undertakings	602	142	16	—	—	2
17	Loans and advances	580	137	15	—	—	2
18	Debt securities, including UoP	22	5	1	—	—	—
19	Equity instruments	—	—	—		—	—
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**4,888**	**1,152**	**616**	**—**	**32**	**438**
21	Loans and advances	4,712	1,108	606	—	32	437
22	Debt securities, including UoP	144	44	9	—	—	1
23	Equity instruments	32	—	—		—	—
24	**Households**	**30,817**	**16,133**	**502**	**—**	**27,476**	**—**
25	of which loans collateralized by residential immovable property	12,505	12,505	467	—	—	—
26	of which building renovation loans	—	—	—	—	—	—
27	of which motor vehicle loans	3,632	3,628	35	—	27,476	—
28	**Local governments financing**	**26**	**—**	**—**	**—**	**—**	**—**
29	Housing financing	—	—	—	—	—	—
30	Other local governments financing	26	—	—	—	—	—
31	Collateral obtained by taking possession: residential and commercial immovable properties	53	53	—	—	—	—
32	**TOTAL GAR ASSETS**	**44,243**	**18,697**	**1,238**	**—**	**71**	**492**
	Assets excluded from the numerator for GAR calculation (covered in the denominator)						
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**9,584**					
34	Loans and advances	9,257					
35	Debt securities	148					
36	Equity instruments	179					
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	**2,872**					
38	Loans and advances	2,863					
39	Debt securities	9					
40	Equity instruments	—					
41	Derivatives	560					
42	On demand interbank loans	629					
43	Cash and cash-related assets	118					
44	Other assets (e.g. Goodwill, commodities etc.)	15,056					
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**	**73,063**					
	Other assets excluded from both the numerator and denominator for GAR calculation						
46	Sovereigns	9,108					
47	Central bank exposure	3,021					
48	Trading book	15,409					
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	**27,539**					
50	**TOTAL ASSETS**	**100,602**					

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

(millions of euro)

		g	h	i	j	k
		06/30/2024				
		Climate Change Adaptation (CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				Of which Specialized lending	Of which adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator					
1	**Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation**	**14**	**44**	**—**	**—**	**45**
2	**Financial corporations**	**2**	**1**	**—**	**—**	**3**
3	Credit institutions	2	—	—	—	—
4	Loans and advances	2	—	—	—	—
5	Debt securities, including UoP	—	—	—	—	—
6	Equity instruments	—	—		—	—
7	Other financial corporations	—	1	—	—	3
8	of which investment firms	—	—	—	—	—
9	Loans and advances	—	—	—	—	—
10	Debt securities, including UoP	—	—	—	—	—
11	Equity instruments	—	—		—	—
12	of which management companies	—	—	—	—	2
13	Loans and advances	—	—	—	—	—
14	Debt securities, including UoP	—	—	—	—	—
15	Equity instruments	—	—		—	2
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)**	**12**	**42**	**—**	**—**	**42**
21	Loans and advances	11	42	—	—	42
22	Debt securities, including UoP	1	—	—	—	—
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**	**14**	**44**	**—**	**—**	**45**
	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 bank 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)

(millions of euro)

		l	m	n	o	p
		06/30/2024				
		TOTAL (CCM + CCA)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
			Of which environmentally sustainable (Taxonomy-aligned)			
				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**	**19,203**	**1,282**	**—**	**71**	**537**
2	**Financial corporations**	**1,376**	**122**	**—**	**12**	**56**
3	Credit institutions	901	48	—	10	8
4	Loans and advances	704	36	—	9	5
5	Debt securities, including UoP	198	12	—	1	3
6	Equity instruments	—	—		—	—
7	Other financial corporations	475	74	—	2	48
8	of which investment firms	—	—	—	—	—
9	Loans and advances	—	—	—	—	—
10	Debt securities, including UoP	—	—	—	—	—
11	Equity instruments	—	—		—	—
12	of which management companies	39	14	—	1	15
13	Loans and advances	29	14	—	—	14
14	Debt securities, including UoP	—	—	—	—	—
15	Equity instruments	10	—		1	2
16	of which insurance undertakings	142	16	—	—	2
17	Loans and advances	137	15	—	—	2
18	Debt securities, including UoP	5	1	—	—	—
19	Equity instruments	—	—		—	—
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	**1,163**	**658**	**—**	**32**	**480**
21	Loans and advances	1,649	648	—	32	479
22	Debt securities, including UoP	45	10	—	—	1
23	Equity instruments	—	—		—	—
24	**Households**	**16,133**	**502**	**—**	**27**	**—**
25	of which loans collateralized by residential immovable property	12,505	467	—	—	—
26	of which building renovation loans	—	—	—	—	—
27	of which motor vehicle loans	3,628	35	—	27	—
28	**Local governments financing**	—	—	—	—	—
29	Housing financing	—	—	—	—	—
30	Other local governments financing	—	—	—	—	—
31	Collateral obtained by taking possession: residential and commercial immovable properties	53	—	—	—	—
32	**TOTAL GAR ASSETS**	**19,256**	**1,282**	**—**	**71**	**537**
	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 bank exposure					
48	Trading book					
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**					
50	**TOTAL ASSETS**					

Template 8: 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" included in the Group's total assets and stated in row 32 of Template 7.

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

- Corporate counterparties (i.e. credit institutions, fund managers, investment houses, insurance companies, non-financial corporations);
- Loans to households (i.e., motor vehicle loans, loans collateralized by residential properties, building renovation loans);
- Loans to local entities (i.e., loans for properties and other loans);
- Collaterals obtained by repossessing residential and non-residential immovable properties.

For each of these exposures the following indicators are presented:

- On-stock KPIs: these consider the total exposures included in the Group's total assets as recorded at 30 June 2024;
- On-flow KPIs: these consider the new exposures opened during the Group's last financial year (i.e. in the twelve months from 1 July 2023 to 30 June 2024).

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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
	KPI on STOCK 06/30/2024															
	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 transitional	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	**25.59%**	**1.69%**	**—**	**0.10%**	**0.67%**	**0.02%**	**0.06%**	**—**	**—**	**0.06%**	**26.60%**	**1.75%**	**—**	**0.10%**	**0.73%**	**43.98%**
2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	25.39%	1.69%	—	0.10%	0.67%	0.02%	0.06%	—	—	0.06%	26.40%	1.75%	—	0.10%	0.73%	43.93%
3 Financial corporations	1.85%	0.16%	—	0.02%	0.07%	—	—	—	—	—	1.90%	0.17%	—	0.02%	0.08%	8.38%
4 Credit institutions	1.23%	0.07%	—	0.01%	0.01%	—	—	—	—	—	1.23%	0.07%	—	0.01%	0.01%	3.52%
5 Other financial corporations	0.63%	0.10%	—	—	0.06%	—	—	—	—	—	0.67%	0.10%	—	—	0.07%	4.86%
6 of which investment firms	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7 of which management companies	0.05%	0.02%	—	—	0.02%	—	—	—	—	—	0.05%	0.02%	—	—	0.02%	0.19%
8 of which insurance undertakings	0.19%	0.02%	—	—	—	—	—	—	—	—	0.19%	0.02%	—	—	—	0.60%
9 Non-financial corporations subject to NFRD disclosure obligations	1.57%	0.84%	—	0.04%	0.60%	0.02%	0.06%	—	—	0.06%	2.52%	0.90%	—	0.04%	0.65%	4.84%
10 Households	21.97%	0.68%	—	0.04%	—						21.97%	0.68%	—	0.04%	—	30.52%
11 of which loans collateralized by residential immovable property	17.03%	0.64%	—	—	—						17.03%	0.64%	—	—	—	12.39%
12 of which building renovation loans	—	—	—	—	—						—	—	—	—	—	—
13 of which motor vehicle loans	4.94%	0.05%	—	0.04%	—						4.94%	0.05%	—	0.04%	—	3.60%
14 Local government financing	—	—	—	—	—						—	—	—	—	—	0.03%
15 Housing financing	—	—	—	—	—						—	—	—	—	—	—
16 Other local governments financing	—	—	—	—	—		—	—	—	—	—	—	—	—	—	0.03%
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)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	KPI on FLOWS 06/30/2024															
	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 transitional	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	**4.68%**	**0.44%**	**—**	**0.03%**	**0.23%**	**0.00%**	**0.06%**	**—**	**—**	**0.06%**	**5.41%**	**0.50%**	**—**	**0.03%**	**0.29%**	**14.67%**
2 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4.67%	0.44%	—	0.03%	0.23%	0.00%	0.06%	—	—	0.06%	5.40%	0.50%	—	0.03%	0.29%	14.67%
3 Financial corporations	0.86%	0.06%	—	0.01%	0.03%	—	—	—	—	—	0.88%	0.06%	—	0.01%	0.03%	5.09%
4 Credit institutions	0.60%	0.03%	—	0.01%	0.00%	—	—	—	—	—	0.60%	0.03%	—	0.01%	0.00%	1.77%
5 Other financial corporations	0.27%	0.03%	—	—	0.02%	—	—	—	—	—	0.29%	0.03%	—	0.00%	0.02%	3.32%
6 of which investment firms	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7 of which management companies	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8 of which insurance undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9 Non-financial corporations subject to NFRD disclosure obligations	0.62%	0.29%	—	—	0.21%	0.00%	0.06%	—	—	0.06%	1.33%	0.34%	—	—	0.26%	2.05%
10 Households	3.19%	0.09%	—	0.01%							3.19%	0.09%	—	0.01%	—	7.47%
11 of which loans collateralized by residential immovable property	1.42%	0.08%	—								1.42%	0.08%	—	—	—	1.03%
12 of which building renovation loans	—	—	—	—	—						—	—	—	—	—	—
13 of which motor vehicle loans	1.77%	0.01%	—	0.01%							1.77%	0.01%	—	0.01%	—	1.29%
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	0.01%	—	—	—	—						0.01%	—	—	—	—	0.01%

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 CCM and CCA objectives, which, however, are not considered to be sustainable in view of the EU Taxonomy (i.e. are not Taxonomy-aligned). For this reason the Template shows only the mitigation actions excluded from the GAR calculation.

Specifically, the scope of the exposures considered includes green and sustainable-linked loans worth a total amount of approx. €1.7bn (equal to approx. 2.1% 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 reduction);
- Green mortgages to acquire properties in energy class A or B, for which it has not been possible to verify the technical and DNSH criteria as required by the Climate Delegated Act;
- Loans to acquire hybrid and electric vehicles;
- Loans to instal solar panels.

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 physical risk attributable to climate change and/or in line with the transition to a more sustainable economy in climate-related terms.

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

(millions of euro)

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	106	Yes	Yes	They are Sustainable linked loans and loans for the purchase of hybrid and electric vehicles that contribute positively to the mitigation of climate change
	Non-financial corporations	1,269	Yes	Yes	They are Sustainable linked loans, loans for the purchase of hybrid and electric vehicles and loans for the installation of photovoltaic systems that contribute positively to the mitigation of climate change
	Of which Loans collateralized by commercial immovable property	—	—	—	—
	Households	331	Yes	Yes	They are loans for the purchase of hybrid and electric vehicles, loans for the installation of photovoltaic systems and green mortgages for residential properties that contribute positively to the mitigation of climate change
	Of which Loans collateralized by residential immovable property	273	Yes	Yes	They are green mortgages for residential properties that contribute positively to the mitigation of climate change
	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**	**27,347,817**	**9,086,921**			**67,785,704**	**2,934,769**		
030	Equity instruments	462,505	—	462,504	—	2,993,604	—	2,904,986	—
040	Debt securities	11,861,093	9,086,921	11,764,955	9,059,683	6,065,731	2,932,273	5,402,373	2,956,612
050	of which: covered bonds	2,489	—	2,489	—	70,872	65,604	70,872	65,604
060	of which: asset-backed securities	364,802	—	362,284	—	590,509	—	589,915	—
070	of which: issued by general governments	9,426,633	9,039,013	9,334,322	9,011,775	3,829,224	2,845,979	3,238,435	2,870,132
080	of which: issued by financial corporations	1,955,024	—	1,966,153	—	1,759,486	85,829	1,689,578	85,829
090	of which: issued by non-financial corporations	132,178	—	132,273	—	323,819	—	320,903	174
120	Other assets	14,860,082	—			58,726,368	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**	**5,890,757**	**4,594,292**	**921,908**	**255,599**
140	Loans on demand	—	—	—	—
150	Equity instruments	167,414	—	183,374	—
160	Debt securities	5,723,344	4,594,292	691,713	255,599
170	of which: covered bonds	—	—	—	—
180	of which: asset-backed securities	223,001	—	267,600	—
190	of which: issued by general governments	4,761,087	4,549,292	267,357	255,182
200	of which: issued by financial corporations	890,901	—	328,794	417
210	of which: issued by non-financial corporations	1,173	—	168	—
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**	**—**	**—**	**116,386**	**—**
241	**Own covered bonds and Securitization issued and not yet pledged**			**—**	**—**
250	**Total collateral received and own debt securities issued**	**33,697,922**	**13,800,166**		

Template EU AE3: Sources of encumbrance

		06/30/2024	
		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**	**31,360,307**

The Group's Asset Encumbrance Ratio as at 30 June 2024 stood at 31.78%, lower than at end-December 2023 (32.99%), and much lower than at 30 June 2023 (33.30%).

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. 3 of the 31.78 total percentage points (as at end-June 2024); 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 paid to CCPs, and initial and change margins 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 reporting date, the portfolio does not include any deals featuring significant 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 €15.2m (data as at 30 June 2024).

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 exercises their termination right, an event 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)	—	108		1.4	151	151	151	151
EU-2	EU - Simplified SA-CCR (for derivatives)	833	2,991		1.4	5,354	5,354	5,336	1,846
1	SA-CCR (for derivatives)	325,115	769,640		1.4	1,991,824	1,571,443	1,430,204	723,977
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)					8,489,313	3,644,339	3,644,171	879,603
5	VaR for SFTs					—	—	—	—
6	**Total as at 06/30/2024**					**10,486,642**	**5,221,287**	**5,079,861**	**1,605,577**
	Total as at 06/30/2023					**10,064,843**	**5,096,617**	**4,921,822**	**1,312,081**

Template EU CCR2 – CVA capital charge

		06/30/2024		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**	1,126,484	325,421	1,235,127	400,347
EU-4	Based on the original exposure method	—	—	—	—
5	**Total subject to the CVA capital charge**	**1,126,484**	**325,421**	**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	—	84,105	488,859	—	3,257,618	113,804
7	Corporates	—	—	—	—	756,054	227,254
8	Retail	—	—	—	—	—	—
9	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
10	Other items	—	—	—	—	—	—
11	**Total as at 06/30/2024**	**—**	**84,105**	**488,859**	**—**	**4,013,671**	**341,059**
	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	—	—	1,009	—	—	1,009
2	Regional governments or local authorities	—	—	—	—	—	—
3	Public sector entities	—	—	35	—	—	35
4	Multilateral development banks	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	—	—	212	—	—	3,944,598
7	Corporates	—	—	402,344	—	—	1,385,652
8	Retail	—	1,420	—	—	—	1,420
9	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
10	Other items	—	—	—	—	—	—
11	**Total as at 06/30/2024**	**—**	**1,420**	**403,600**	**—**	**—**	**5,332,713**
	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 30 June 2024, Mediobanca uses the AIRB approach in counterparty risk only for the large corporate segment, in the “Exposures to corporates – Others” category. RWAs associated with counterparty risk amount to approx. 3.1% of the total RWAs for this regulatory segment.

		a	b	c	d	e	f	g
Corporates (A-IRB)	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
Class 01	0.00 to <0.15	9,090	0.0680 %	13	45.0000 %	2	2,230	24.5278 %
Class 02	0.15 to <0.25	29,322	0.1550 %	16	45.1980 %	2	11,913	40.6291 %
Class 03	0.25 to <0.50	240,402	0.4210 %	42	45.1540 %	2	162,374	67.5428 %
Class 04	0.50 to <0.75	—	—	—	—	—	—	—
Class 05	0.75 to <2.50	39,605	0.9110 %	11	47.2670 %	2	39,144	98.8357 %
Class 06	2.50 to <10.00	10,242	2.8120 %	4	45.0000 %	2	13,697	133.7310 %
Class 07	10.00 to <100.00	—	—	—	—	—	—	—
Class 08	100.00 (Default)	—	—	—	—	—	—	—
Total as at 06/30/2024		**328,661**	**0.5210 %**	**86**	**45.4040 %**	**2**	**229,358**	**69.7856 %**
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	—	120,719	14,268	1,553,796
2	Cash – other currencies	—	36,139	3	115,397
3	Domestic sovereign debt	309	—	109,344	133,713
4	Other sovereign debt	75,098	—	136,179	—
5	Government agency debt	—	—	—	—
6	Corporate bonds	—	—	—	—
7	Equity securities	—	—	—	—
8	Other collateral	—	—	—	—
9	**Total as at 06/30/2024**	**75,407**	**156,858**	**259,794**	**1,802,906**
	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	—	524,285	—	1,574,735
4	Other sovereign debt	—	—	—	—
5	Government agency debt	—	—	—	—
6	Corporate bonds	—	30,428	—	3,043,233
7	Equity securities	—	125,705	—	520,848
8	Other collateral	—	97,537	—	3,318,928
9	**Total as at 06/30/2024**	**—**	**777,956**	**—**	**8,457,743**
	Total as at 06/30/2023	**—**	**892,954**	**—**	**6,972,293**

Template EU CCR6 – Credit derivatives exposures

	06/30/2024		06/30/2023	
	a	b	a	b
	Protection bought	Protection sold	Protection bought	Protection sold
NOTIONALS				
1 Single-name credit default swap	358,400	1,756,004	849,398	2,205,940
2 Index credit default swap	13,627,204	3,050,516	19,649,402	4,038,671
3 Total return swap	—	—	—	—
4 Credit option	—	—	—	—
5 Other credit derivatives	2,535,284	50,780	3,991,060	24,660
6 Total notionals	**16,520,888**	**4,857,300**	**24,489,861**	**6,269,271**
FAIR VALUE				
7 Positive fair value (assets)	9,185	87,266	39,612	70,895
8 Negative fair value (liabilities)	(320,422)	(25,718)	(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

		06/30/2024		06/30/2023	
		a	b	a	b
		Exposure value	RWEA	Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**25,532**		**11,340**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	581,513	22,946	114,953	8,326
3	(i) OTC derivatives	543,332	20,671	101,577	5,664
4	(ii) Exchange-traded derivatives	—	—	—	—
5	(iii) SFTs	38,181	2,275	13,377	2,662
6	(iv) Netting sets where cross-product netting has been approved	—	—	—	—
7	Segregated initial margin	184,795		162,902	
8	Non-segregated initial margin	—	—	—	—
9	Prefunded default fund contributions	71,977	2,585	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.[81]

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.

[81] 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.

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.

For the financial guarantees, during the twelve months under review the Group has taken out insurance coverage regarding an initial amount of €25m, with approx. €20m outstanding as at 30 June 2024 (approx. 5 bps benefit to the 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).[82]

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	c	d	e
1	Loans and advances	35,435,189	27,982,925	26,545,368	1,437,557	—
2	Debt securities	10,768,138	283,371	—	283,371	
3	**Total as at 06/30/2024**	**46,203,327**	**28,266,296**	**26,545,368**	**1,720,928**	**—**
4	*of which non-performing exposures*	*305,883*	*107,771*	*93,968*	*13,803*	—
EU-5	*of which defaulted*	*305,883*	*107,771*			
	Total as at 06/30/2023	**46,203,554**	**26,513,902**	**24,082,430**	**2,431,472**	**—**

** This column states the gross book value, in accordance with the provisions of DPM 3.0..*

[82] The Group uses primary market counterparties to hedge exposures in credit derivatives.

Section 12 – Securitizations

The Group acts primarily as investor in third-party issues; it continues to hold its position in the senior tranche of the issue by Belvedere SPV S.r.l. for retention purposes, a deal in which it acted as sponsor; the deal originated last year in which the Group acted as co-arranger (Merlin) is also 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 €1,108.8m (€1,053.0m as at 30 June 2023), €821.2m of which held in the banking book and €287.6m in the trading book (versus €788.8m and €264.3m respectively).

During the first half of 2024, European ABS continued their positive trend in line with the credit market, in some cases even outperforming the neighbouring covered bonds segment. Yields reflected the pronounced reduction in spreads along the whole capital structure, to the advantage of the junior classes. Italian ABS in particular were helped by the marked narrowing of spreads on BTP and Italian financial paper, which led to new positions being taken on the segment.

On the primary market, the new offering far exceeded expectations, with placements of deals with Consumer and Auto Loans as the underlying instruments well received by investors who were reassured by the more favourable macro scenario. The majority of the books have been

oversubscribed, with very low new issue premiums relative to the secondary curves, and particular demand for the mezzanine classes.

The market scenario should remain favourable during the rest of 2024, due to the expectations of interest rate cuts by the central banks.

Banking book exposures increased during the twelve months from €788.8m to €821.2m, predominantly concentrated in senior securities, which rose to €818.7m (€784.8m), following the investment in an Italian Consumer ABS tranche (€204.7m) plus an increase in high-quality CLOs (from €259.4m to €298.6m), partly offset by the reduction in the exposures to underlying NPLs (from €486.3m to €288.7m, mainly attributable to repayments). Positions taken in mezzanine tranches declined (from €3.5m to €2.5m), while the exposure to junior tranches has been wound up entirely. The difference between fair value (obtained from the market platforms) and accounting value (amortized cost) reflects a deficit of €8.8m.

The value of the holdings contained in the trading book stood at €287.6m (30/6/23: €264.3m): the senior share amounts to €180.4m (€149.3m), €100.9m of which in relation to the Transferable Custody Receipt,[83] €44.8m (€23.9m) in performing loans and consumer credit, and €34.7m in CLOs (€24.8m). The mezzanine share reduced to €107.2m (€115m) made up of €72.7m in negative basis strategy (€66.1m), €10.9m in new CLOs (€27.4m), and €23.6m in performing loans and consumer credit (€21.5m). There are no junior exposures.

Mediobanca also has an exposure to:

— CLI Holdings and CLI Holdings II,[84] SPVs incorporated under English law, which have subscribed to the capital respectively of di Cairn Loan Investments and Cairn Loan Investments II, independent managers of European CLOs set up by Polus Capital which, in order to comply with the prudential regulations on risk retention, invest in the Junior tranches of the CLOs they manage. As at 30 June 2024, CLI H I and CLI H are booked in the accounts at €7.8m and €37.0m respectively; it should also be noted that a hedge was completed for CLI H I and CLI H II in the course of the twelve months, through an insurance policy being taken out for an initial € 25m, which by end-June 2024 had reduced to €20m, with a leading insurance company as the counterparty;

[83] The Bank has subscribed to a note issued by the depositor bank with which three CLO positions (with European corporate loans as the underlying asset) acquired by Mediobanca and the financial guarantees over the CLOs themselves with which the Bank bought protection were deposited in the form of a trust; the TCR reflects the capital and interest of the underlying CLOs net of the financial guarantees' premium.

[84] CLI H I is reported in the disclosure on unconsolidated structured entities, whereas CLI H II is an investment consolidated by the equity method in accordance with IAS 28.

- Italian Recovery Fund, a closed-end alternative investment fund incorporated under Italian law and managed by DeA Capital Alternative Funds SGR S.p.A. which is currently invested in five securitizations (Valentine, Berenice, Cube, Este and Sunrise I) with NPLs originated by Italian banks as the underlying instrument; of the €30m commitment, a total of €18.4m is still on the books, with an outstanding commitment of approx. €1m;

- Negentropy RAIF – Debt Select Fund, an alternative investment fund incorporated under Luxembourg law, managed by Negentropy Capital Partners Limited, for which Mediobanca acted as advisor; the fund has senior NPLs tranches and real estate loans as its underlying with a total NAV of €122.7m (Mediobanca's share €61.3m);

- In January 2024 Mediobanca S.p.A. executed an Equity Commitment Agreement with Polus Capital Management (US) Inc.,[85] 100%-owned by Polus Capital, which entails the Mediobanca Group subscribing for an initial commitment of $75m to be used, among other things, for investments in the equity tranche ("most junior unrated securities") of Collateralized Loan Obligations (CLOs) in the United States and in the respective warehouses. The CLO's Portfolio Manager will be Polus Capital Management (US) Inc, while an institutional counterparty will act as arranger. As at 30 June, the Group's investments in CLO US I amounted to €9.2m, €4.5m of which executed by Mediobanca S.p.A. and €4.7m by Polus.

Acting as originator, seven securitization transactions were in progress at 30 June 2024 through the vehicle Quarzo S.r.l. (Compass Banca) with performing loans granted by Compass Banca as the underlying instrument (Compass subscribed for the entire number of junior securities), which were ceded on a revolving basis for a period of between 6 and 66 months, at the end of which the amortization phase of the securitization may begin. In some of the deals the Parent Company and/or other Group's companies have subscribed to the senior notes. The first SRT (Significant Risk Transfer) for the Mediobanca Group was completed in June last year; the disposal without recourse of the initial portfolio of performing consumer loans for €815m was financed through the issuance of seven classes of securities: two senior notes (€700.9m), three mezzanine notes (for a total of €92.1m) and two junior notes (for a total of €22.1m). In this way, the Group obtained a significant transfer of credit risk for prudential purposes, thus optimizing capital absorption, without the derecognition of the underlying loans in the accounts. Senior securities for a total of €500m and mezzanine securities for €87.5m were placed on the market, while Compass Banca subscribed to the residual securities; the benefit in terms of RWA savings at 30 June 2024 amounted to €493m, to which deductions of €13.2m relating to the junior share should be added.

[85] US CLO is included in the reporting on structured entities not consolidated for accounting purposes.

As required by the regulations in force,[86] the Group runs the regulatory testing required for traditional securitizations, in both a base and stress scenario.

In particular the Group carries out the Principle-Based Approach (PBA) test, which verifies the effective significant transfer of risk in the securitizations, and the Commensurate Risk Transfer (CRT) test, to confirm that the reduction in the Originator's capital requirement correctly reflects the credit risk transferred, plus the documentary checks to prevent situations from arising that could prevent the risk transfer itself from being recognized.

The Group Risk Management Unit has carried out an independent review of the securitization's cashflow model, checking that it is aligned with the reference regulations, in particular regarding the selection and ring-fencing criteria for the assets underlying the securitization, and the results of the required tests.

Once the securitization has been completed, the portfolio is also subject to monthly monitoring through the mezzanine test, to check that the significant risk transfer continues to exist in terms of the ratio between the capital requirements for the positions retained, and those for the securitized positions transferred to third parties. Quarterly checks are also carried out, for purposes of the disclosures to be made to the supervisory authority, to monitor the underlying portfolio's performance, (e.g. amortization or early redemption) and the regulatory credit parameters that could disrupt the risk transfer and so compromise the ongoing significant risk transfer.

In order to calculate the risk-weighted assets for this risk, as at 30 June 2024, the SEC-SA methodology is used for 61% 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 35% (42% at end-June 2023). The other 4% of the portfolio consists of the Compass SRT securitization, for which the SEC-IRBA methodology has been used. The SEC-ERBA approach is used for 68% of the trading book positions (75% at end-December 2023), while for the other 32% (25% at end-June 2023) the SEC-SA approach is used.

[86] Regulation (EU) No 575/2013 of the European Parliament and of the Council ("CRR" or "Capital Requirements Regulation"), Guidelines on significant credit risk transfer relating to articles 244 and 245 of Regulation 575/2013" released by EBA (EBA/GL/2014/05); "Public guidance on the recognition of significant risk transfer" issued on 24 March 2016 by the European Central Bank

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					STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT		of which SRT									
1	**Total exposures**	**216,405**	**216,405**	—	—	—	—	**216,405**	—	**5,295**	—	**5,295**	—	**600,411**	—	**600,411**
2	Retail (total)	216,405	216,405	—	—	—	—	216,405	—	—	—	—	—	26,585	—	26,585
3	residential mortgage	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4	credit card	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	other retail exposures	216,405	216,405	—	—	—	—	216,405	—	—	—	—	—	26,585	—	26,585
6	re-Securitization	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	Wholesale (total)	—	—	—	—	—	—	—	—	5,295	—	5,295	—	573,826	—	573,826
8	loans to corporates	—	—	—	—	—	—	—	—	—	—	—	—	369,123	—	369,123
9	commercial mortgage	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	lease and receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	other wholesale	—	—	—	—	—	—	—	—	5,295	—	5,295	—	204,704	—	204,704
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**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1,369**	**98,193**	**—**	**99,562**
2	Retail (total)	—	—	—	—	—	—	—	—	1,369	45,540	—	46,909
3	residential mortgage	—	—	—	—	—	—	—	—	—	7,297	—	7,297
4	credit card	—	—	—	—	—	—	—	—	—	—	—	—
5	other retail exposures	—	—	—	—	—	—	—	—	1,369	38,243	—	39,611
6	re-Securitization	—	—	—	—	—	—	—	—	—	—	—	—
7	Wholesale (total)	—	—	—	—	—	—	—	—	—	52,654	—	52,654
8	loans to corporates	—	—	—	—	—	—	—	—	—	52,654	—	52,654
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**	**216,405**	**—**	**—**	**5,295**	**13,236**	**—**	**5,295**	**—**	**229,641**
2	Traditional transactions	216,405	—	—	5,295	13,236	—	5,295	—	229,641
3	Securitization	216,405	—	—	5,295	13,236	—	5,295	—	229,641
4	Retail underlying	216,405	—	—	—	13,236	—	—	—	229,641
5	*of which STS*	216,405	—	—	—	13,236	—	—	—	229,641
6	Wholesale	—	—	—	5,295		—	5,295	—	
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**	**—**	**18,038**	**—**	**24,571**	**—**	**1,443**	**—**	**1,966**
2	Traditional transactions	—	18,038	—	24,571	—	1,443	—	1,966
3	Securitization	—	18,038	—	24,571	—	1,443	—	1,966
4	Retail underlying	—	—	—	24,571	—	—	—	1,966
5	*of which STS*	—	—	—	24,571	—	—	—	1,966
6	Wholesale	—	18,038	—	—	—	1,443	—	—
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**	**452,645**	**112,277**	**32,961**	**2,527**	**—**	**—**	**95,955**	**504,457**	**—**
2	Traditional transactions	452,645	112,277	32,961	2,527	—	—	95,955	504,457	—
3	Securitization	452,645	112,277	32,961	2,527	—	—	95,955	504,457	—
4	Retail underlying	26,585	—	—	—	—	—	—	26,585	—
5	*of which STS*	—	—	—	—	—	—	—	—	—
6	Wholesale	426,061	112,277	32,961	2,527	—	—	95,955	477,872	—
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**	**—**	**23,968**	**101,118**	**—**	**—**	**1,917**	**8,089**	**—**
2	Traditional transactions	—	23,968	101,118	—	—	1,917	8,089	—
3	Securitization	—	23,968	101,118	—	—	1,917	8,089	—
4	Retail underlying	—	—	3,988	—	—	—	319	—
5	*of which STS*	—	—	—	—	—	—	—	—
6	Wholesale	—	23,968	97,130	—	—	1,917	7,770	—
7	*of which STS*	—	—	—	—	—	—	—	—
8	Re-Securitization	—	—	—	—	—	—	—	—
9	Synthetic transactions	—	—	—	—	—	—	—	—
10	Securitization	—	—	—	—	—	—	—	—
11	Retail underlying	—	—	—	—	—	—	—	—
12	Wholesale	—	—	—	—	—	—	—	—
13	Re-Securitization	—	—	—	—	—	—	—	—

Template EU-SEC5 – Exposures securitized by the institution – Exposures in default and specific credit risk adjustments

		a	b	c
		Exposures securitized by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			Of which exposures in default	
1	**Total exposures**	**814,618**	**10,113**	**27,640**
2	Retail (total)	804,504	—	27,640
3	residential mortgage	—	—	—
4	credit card	—	—	—
5	other retail exposures	804,504	—	27,640
6	re-Securitization	—	—	—
7	Wholesale (total)	10,113	10,113	—
8	loans to corporates	—	—	—
9	commercial mortgage	—	—	—
10	lease and receivables	—	—	—
11	other wholesale	10,113	10,113	—
12	re-Securitization	—	—	—

Section 13 – Operational risk

Qualitative information

The Group's Non-Financial Risks Committee, with the task of addressing, monitoring and mitigating non-financial risks (including IT & security risk, fraud risk, third-party/outsourcing risk, reputation risk) and the Conduct Committee, with the task of directing, supervising and making decisions on the Group's conduct risks, operate within the scope of risk management.

Operational risks are governed by the Operational Risk Management unit, which forms part of the Non-Financial Risk Management area.

Based on the Group Operational Risk Policy and consistent with the principle of proportionality, the processes for identifying operational risk are defined and implemented at Parent Company level and the main Group Legal Entities through, among other things, loss data collection and analysis, risk assessment and estimation, and identification and promotion of mitigation actions. The mitigation actions for the most significant operational risks are proposed, launched and monitored based on the evidence obtained.

Quantitative information

Mediobanca adopts the Basic Indicator Approach ("BIA") To calculate the capital requirement for operational risk, applying a margin of 15% to the three-year average for the relevant indicator. Based on this method of calculation, the capital requirement as at 30 June 2024 was equal to €432.5m (30/6/23: €374.7m); the increase reflects the rise in total revenues during the twelve months.

Template EU OR1: Operational risk own funds requirements and risk-weighted exposure amounts

	Banking activities	a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	**Banking activities subject to basic indicator approach (BIA)**	**2,350,934**	**2,755,289**	**3,080,444**	**409,333**	**5,116,667**
2	**Banking activities subject to Standardized (TSA) / alternative Standardized (ASA) approaches**	**—**	**—**	**—**	**—**	**—**
3	*Subject to TSA:*	—	—	—		
4	*Subject to ASA:*	—	—	—		
5	**Banking activities subject to advanced measurement approaches AMA**	**—**	**—**	**—**	**—**	**—**

The operating losses recorded in the course of the financial year account for 0.33% of the Group's total income (1.2% last year).

As for the different classes of operational risk, the percentage composition of the Group's Basel II event types is shown in the table below.

Event Type	**30/06/2024**	***% su Total Loss*** **30/06/2023**
Clients, products and business practices	39%	55%
Execution, delivery and process management	28%	23%
External Fraud	19%	19%
Employment practices and workplace safety	6%	3%
Other	6%	0%

The majority of the operational losses derives from the "Clients, products and business practices" Event Type, which includes costs arising as a result of disputes or litigation with Consumer Finance and Retail Banking customers over the charges or interest rates applied to financing products. The second largest category of losses, "Execution, delivery and process management", includes amounts set aside and expenses incurred for litigation with other banks following the recruitment of Financial Advisors. The "External Fraud" category includes the losses resulting from the numerous

thefts and attempted thefts of safe deposit boxes at the Compass branch offices, a phenomenon that was largely non-existent in the final months of the financial year under review, and for which the process of seeking redress through insurance claims continues, which will make good much of the losses incurred.

Losses from operational risks were highest in Consumer Banking and Wealth Management business lines. In terms of potential risks, despite the presence of an adequate system of controls, businesses which feature non-standard transactions of large sizes, such as Corporate and Investment Banking and in part Wealth Management, continue to be exposed to low frequency and high severity events.

Furthermore, although it has not generated significant losses, an increase has been observed, both at industry and Group level, in certain instances or classes of operational risk, such as IT & cyber risk and outsourcing risk.

In view of this, the Group has now completed its Non-Financial Risk Management project, with a view to enhancing and developing specific frameworks for each class of risk (namely IT & cyber risk, third party risk, fraud risk and reputational risk), and at the same time to providing an overview of the risks themselves.

ICT and Security risks in particular, which contain components that are developing rapidly, is potentially material for the Group's financial position and business model in the medium term.

ICT and security risk

As from this financial year, the Mediobanca Group has set up a new second-level ICT & Security Risk team as part of the Non-Financial Risks unit in turn forming part of the Group Risk Management unit. First-level security remains the responsibility of a separate organizational unit.

The organizational structure meets the general criteria for Internal Control systems, such as the second-level units being independent and separate from the business units, and complies with the requirements specified in Bank of Italy circular no. 285, fortieth update.

The ICT & Security Risk unit is responsible for monitoring and controlling ICT and security risks, for checking that IT operations adhere to the requirements of the IT and security risk management system.

Security risk (including cyber risk), is defined as the risk of incurring losses in terms of earnings, reputation and market share, due to:

- Any unauthorized access or attempted access to the Group's IT system and the digital information or data stored in it;
- Any event (fraudulent or involuntary) facilitated or caused by the use of technology or otherwise related to it that has or could have an adverse impact on the integrity, availability, confidentiality and/or authenticity of the company's data and information, or on the business continuity of the company's processes;
- Improper use and/or disclosure of data and information, including those not directly produced or managed by the Group.

IT risk, or technology risk, is defined as the risk of incurring losses at the level of earnings, reputation or market share, in connection with misuse of the ICT processes supporting the maintenance and management of the company's information system or with the malfunctioning of the hardware of the technology components.

These risks, which did not generate significant phenomena for the Group during the financial year under review, are impacted, in terms of exposure, by increases in:

- Dependence on IT systems;
- The number of users using online channel and hence also connected devices;
- Quantity of data managed that requires protection;
- Use of IT services provided by third parties.

Additional external events, such as developments in the cyber-geopolitical environment (e.g. the Russia-Ukraine and Israel-Palestine conflicts), as well as the adoption of new technological systems (e.g. cloud-based solutions) that extend the attack surface by introducing new specific threats, should be added to the above factors.

In view of this scenario, ICT and Security risk is subject to increasing regulatory scrutiny (e.g. DORA) and to the attention of Supervisors (e.g. Cyber Resilience Stress Testing), which require internal control systems to evolve continuously.

Through the years, the Group has continued to enhance its security strategy for managing ICT and security risk, based on which the following have all been increased: the system of policies and rules to identify and measure the ICT and security risk; assessment of the measures currently in place; identification of methods for treating the risks; and technological capabilities to address the new types of threat.

The IT and security risk management framework comprises the following in particular:

- Definition and maintenance of specific policies, methodologies and procedures (e.g. ICT and security risk management policy, information security policy, IT and security risk management methodological manual);
- Analysis of IT and security risk, regularly carried out for the Group's banks and legal entities, as well as for the banks' payment services;
- Analysis of IT and security risk of relevant projects and/or arising from third parties;
- Ongoing monitoring, through indicators and related reporting;
- Research and analysis of the cyber environment in the finance sector;
- training on IT and security risk at all levels of the company organization.

IT and security incidents detected during the financial year under review, which concerned some outsourced services in part, were managed effectively by containing any possible operational disruptions and slowdowns.

Section 14 – Exposures to equities: information on banking book position

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 Legal Entities (currently Polus Capital and RAM) and investments in private equity and real estate funds.

The investments in seed capital serve 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 Consolidated 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

Template 14.1 – 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, exposures to equities increased from €4.4bn to €4.6bn, €3.8bn of which attributable to certain investee companies being equity-accounted (Assicurazioni Generali, Istituto Europeo di Oncologia, CLI Holding II, Finanziaria Gruppo Bisazza, Heidi Pay and MB SpeedUp, the latter consolidated as from this year), €657.3m in investments in funds, and €256.2m in equities (including equity-like instruments).

The stock of Investments in funds increased from €562.9m to €657.3m, on net investments totalling €81.1m, and value adjustments amounting to €13.2m; of these, approx. €376m regard funds managed by the Group (seed capital), and €281.3m holdings in other funds (mostly private equity).

Items	Amount as at 06/30/2024				
	Book value		Fair value		Impairment
	Level 1	Level 2/3	Level 1	Level 2/3	
A. Equity stakes	3,698,013	91,039	4,759,117	91,039	—
B. Financial assets recognized at FVTOCI	128,271	127,969	128,271	127,969	—
C. Other financial assets mandatorily at fair value	187,835	387,016	187,835	387,016	—

Items	Amount as at 06/30/2024					
	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	18,535	(2,984)	—	—
C. Other financial assets mandatorily at fair value	—	—	X	X	—	—

The comparative data as at 06/30/2024 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	—	—	X	X	—	—

Template 14.2 – 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.

Category	06/30/2024		06/30/2023	
	Weighted amount		Weighted amount	
	Standard method	IRB method	Standard method	IRB method
Funds exposures	1,542,154	—	1,393,411	—
of which private equity	390,283	—	350,620	—
Trading exposures	6,780,565	—	7,636,178	—
Other instruments	167,793	—	165,151	—
Total equity instruments	**8,490,511**	**—**	**9,194,740**	**—**

With reference to the new prudential treatment, 51% (30/6/23: 65%) 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. 46% (30%) of the exposures in the portfolio; the fall-back approach has been applied to just 4% (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 €645m,[87] the total CoRep exposure is equal to €656m;[88] of these, €65m have equities as their underlying instrument, €33m (8% of the total) have underlying instruments weighted at 1,250%, and €271m (48% of the portfolio) are high-risk exposures. The remainder consists of credit exposures, in cash or derivatives.

The Group's total holdings in funds include commitments to other funds for a total of €96.4m, weighted at 150%.

During the financial year under review, UCITS have also been included in the Prudent Valuation scope, in line with the introduction of the Fair Value Adjustment and Independent Price Verification corrections.

[87] Does not include the investments in CLI I with a value of €7.8m and in US CLO for a total of €4.5m.
[88] 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 15 – Interest rate risk on banking book positions

With reference to the Group's banking book positions at as at 30 June 2024, in the event of a parallel and instantaneous reduction ("parallel down"), net interest income would decrease by €52m (last year the reduction would have been €122m). With reference to the analysis of the discounted value of future cash flows on the Group's banking book, the shock that determines the highest change occurs in the event of the shorter end of the curve increasing ("Short Up"). In this scenario the reduction would be €74m, principally due to the impact of Mediobanca (down €23m) and Compass (down €25m). In the last half-year the highest change was €68m in the "Flattener" scenario.

Template 15.1 – Sensitivity analysis

The above data is summarized in the following table:

Amounts in €m	Data as at 06/30/2024					
	Limit Scenario	Group	Mediobanca S.p.A.	MB Premier	Compass	Others
Sensitivity of interest income margin	*Parallel Down*	(52)	11	(20)	(20)	(23)
Sensitivity of Expected Cash Flows present value	*Flattener*	(74)	(23)	(3)	(25)	(23)

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

Amounts in €m	Data as at 12/31/2023					
	Limit Scenario	Group	Mediobanca S.p.A.	MB Premier	Compass	Others
Sensitivity of interest income margin	*Short Down*	(122)	(49)	(24)	(30)	(20)
Sensitivity of Expected Cash Flows present value	*Parallel Down*	(68)	(19)	2	(36)	(14)
Amounts in €m	**Data as at 06/30/2023**					
	Limit Scenario	**Group**	**Mediobanca S.p.A.**	**MB Premier**	**Compass**	**Others**
Sensitivity of interest income margin	*Parallel Down*	(142)	(66)	(14)	(18)	(44)
Sensitivity of Expected Cash Flows present value	*Short Up*	(76)	(42)	9	(35)	(8)

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 Equity), while the economic value sensitivity is below the Group RAF limit set of 6% (economic value sensitivity/Group Tier 1 Equity).

The SOT regulatory indicator for NII is 0.7% (NII sensitivity/Tier 1 Capital), well below the regulatory threshold of 5%.

The values obtained by applying the regulatory shocks provided in Article 98(5) of Directive 2013/36/EU are listed below.

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

	Supervisory shock scenarios	Sensitivity of Expected Cash Flows present value		Sensitivity of interest income margin	
		06/30/2024	12/31/2023	06/30/2024	12/31/2023
1	Parallel up	(37)	119	60	137
2	Parallel down	153	(31)	(52)	(122)
3	Steepener	53	96		
4	Flattener	(49)	(68)		
5	Short rates up	(74)	(41)		
6	Short rates down	81	51		

Section 16 – Market risk

Quantitative information

The Bank's operating exposure to market risks in the trading portfolio is monitored by calculating operating earnings on a daily basis and through use of the following indicators:

- Sensitivity – mainly Delta and Vega – to the principal risk factors (interest rates, share prices, exchange rates, credit spreads, inflation and volatility, dividends, correlations, etc.); sensitivity analysis shows 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 portfolio;
- 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%.

Risks are monitored daily through VaR and sensitivity analyses to ensure compliance with operating limits, managing the risk appetite established by the Bank for its trading book and, in the case of VaR, also to evaluate the robustness of the model through back-testing. The expected shortfall on the set of positions subject to VaR measurement is also calculated daily by means of historical simulation; this represents the average potential losses over and beyond the level of confidence for the VaR. Moreover, stress tests are carried out monthly (on the entire portfolio) concerning the main risk factors to show, among other things, the impact which more substantial movements in the main market variables might have (e.g. share prices and interest or exchange rates) calibrated on the basis of extreme changes in market variables.

Risks are monitored daily through VaR and sensitivity analyses to ensure compliance with operating limits, managing the risk appetite established by the Bank for its trading book and, in the case of VaR, also to evaluate the robustness of the model through back-testing. The expected shortfall on the set of positions subject to VaR measurement is also calculated daily by means of historical simulation; this represents the average potential losses over and beyond the level of confidence for the VaR. Moreover, stress tests are carried out monthly (on the entire portfolio) concerning the main risk factors to show, among other things, the impact which more substantial movements in the main market variables might have (e.g. share prices and interest or exchange rates) calibrated on the basis of extreme changes in market variables.

In the past financial year, market fluctuations have mainly been driven by interest rates and monetary policy expectations.

Volatility on the stock markets remained high in the first four months of the financial year: the main stock indexes showed fluctuations in returns ranging between +6% and -6% QoQ between July

and September. The driver of this phase of uncertainty was the macroeconomic and geopolitical scenario: inflation data (4.3% EU, 3.7% US) – although at their lowest since October 2021 – were still above monetary policy targets. Added to this were upside pressures on oil prices, caused by lower supply from producing countries (primarily Saudi Arabia and Russia) and by tensions in the Middle East due to the rekindling of the conflict between Israel and Hamas. This situation was reflected in interbank and government interest rates: the short-term part of the curves did not undergo significant changes in the first quarter, while there was an upward remarking of long-term yields - in particular in the United States (swap and US Treasury 10Y +70 bps QoQ), supporting the assumption that discount rates would remain in the 4-5% area for a long time. Finally, in the same period, the BTP 10Y witnessed a rise of 70 bps compared to 30 bps for the Euro Swap 10Y and the *Bund*, due to a greater country-specific risk for Italy.

In November, there was a clear change of scenario with a general decline in interest rates (e.g. -115 bps on 10Y ITA). After the peak in mid-October, inflation data (the EU HICP was down 200 bps YoY in March 2024) and a less hawkish stance by monetary policy authorities reversed market expectations, which had expected cuts in key refinancing rates in the first half of 2024. This led government bond yields to retrace to levels slightly below those recorded at the beginning of the year. At this stage, the stock market followed a general upward trend, with the US market outperforming the EU market, posting an increase18% (average of main indexes) compared to the start of the year and with volatility at its lowest, especially when compared to the month of October.

Finally, in June there was a partial recovery of volatility generated by tensions on French OATs and on other EU government bonds following the outcome of the European elections of 8 and 9 June and the subsequent elections to the French Parliament.

During the year under review, there were no breaches of the VaR and Stop Loss limits , due to the low level of volatility, on the stock market especially.

The Trading aggregate Value-at-Risk fluctuated between a low of €3.2m in November 2023 and a high of €10m at end-December 2023. The average reading (€5.9m) was 30% lower than last year's average (€8.4m). Following this high, the VaR reading decreased gradually to €4.6m at end-June 2024, comfortably below the average for the twelve 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; and (ii) increased directionality of exposures versus implicit volatilities on the equity market, driven by the particularly low volatility levels. 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 substantially neutral.

Consistent with the trend in VaR, the expected shortfall – which measures an additional stress scenario based on the same historical series of VaR readings – showed an average reading that was lower than last year, at €10.7m (€12.8m).

Daily back-testing results (based on the comparison with the theoretical Profits and Losses)

showed no cases of deviation from the VaR during the twelve-month observation period.

Template 16.1 - Value at Risk and Expected Shortfall: trading book

Risk factors	Financial year 2023 - 2024			
Data in thousands	06/30/2024	Min	Max	Average
Interest rate	1,451	1,373	7,124	3,629
Credit	1,583	1,020	2,531	1,706
Shares prices	5,343	1,078	6,490	3,741
Exchange rates	632	591	1,631	927
Inflation	223	32	684	293
Volatility	3,156	2,325	6,068	3,842
Diversification effect (*)	*(7,759)*	*(12,098)*	*(4,930)*	*(8,277)*
Total VaR	**4,630**	**3,249**	**10,094**	**5,860**
Expected Shortfall	***6,995***	***5,258***	***22,817***	***10,745***

* Due to the mismatch between risk factors.

The data as at 30 June 2023 is shown below for comparison purposes:

Risk factors	Financial year 2022 - 2023			
Data in thousands	06/30/2023	Min	Max	Average
Interest rate	5,044	1,697	15,354	7,071
Credit	2,571	1,483	3,641	2,548
Shares prices	2,359	815	8,852	3,609
Exchange rates	1,145	543	2,327	904
Inflation	47	43	1,586	365
Volatility	5,469	1,884	15,083	6,254
Diversification effect (*)	*(9,919)*	*(20,768)*	*(6,663)*	*(12,369)*
Total VaR	**6,717**	**4,508**	**16,661**	**8,382**
Expected Shortfall	***11,048***	***5,581***	***27,851***	***12,846***

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.

Furthermore, each desk also has limits in terms of sensitivities to movements in the various risk factors which are monitored daily. Compared to last year there was a reduction in exposures for all risk classes.

Template 16.2 - Overview of trends in main sensitivities for trading book

Risk factors	Financial year 2023 - 2024			
Data in euro	06/30/2024	Min	Max	Average
Equity delta (+1%)	(107,827)	(1,086,056)	3,928,644	258,943
Equity vega (+1%)	(1,660,900)	(4,317,612)	1,817,130	(717,196)
Interest rate delta (+1bp)	(5,745)	(371,684)	473,465	104,737
Inflation delta (+1bp)	(37,959)	(70,991)	55,080	(17,952)
Exchange rate delta (+1%)*	12,427	(364,685)	5,841,508	4,224
Credit delta (+1bp)	350,476	(294,922)	617,669	246,220

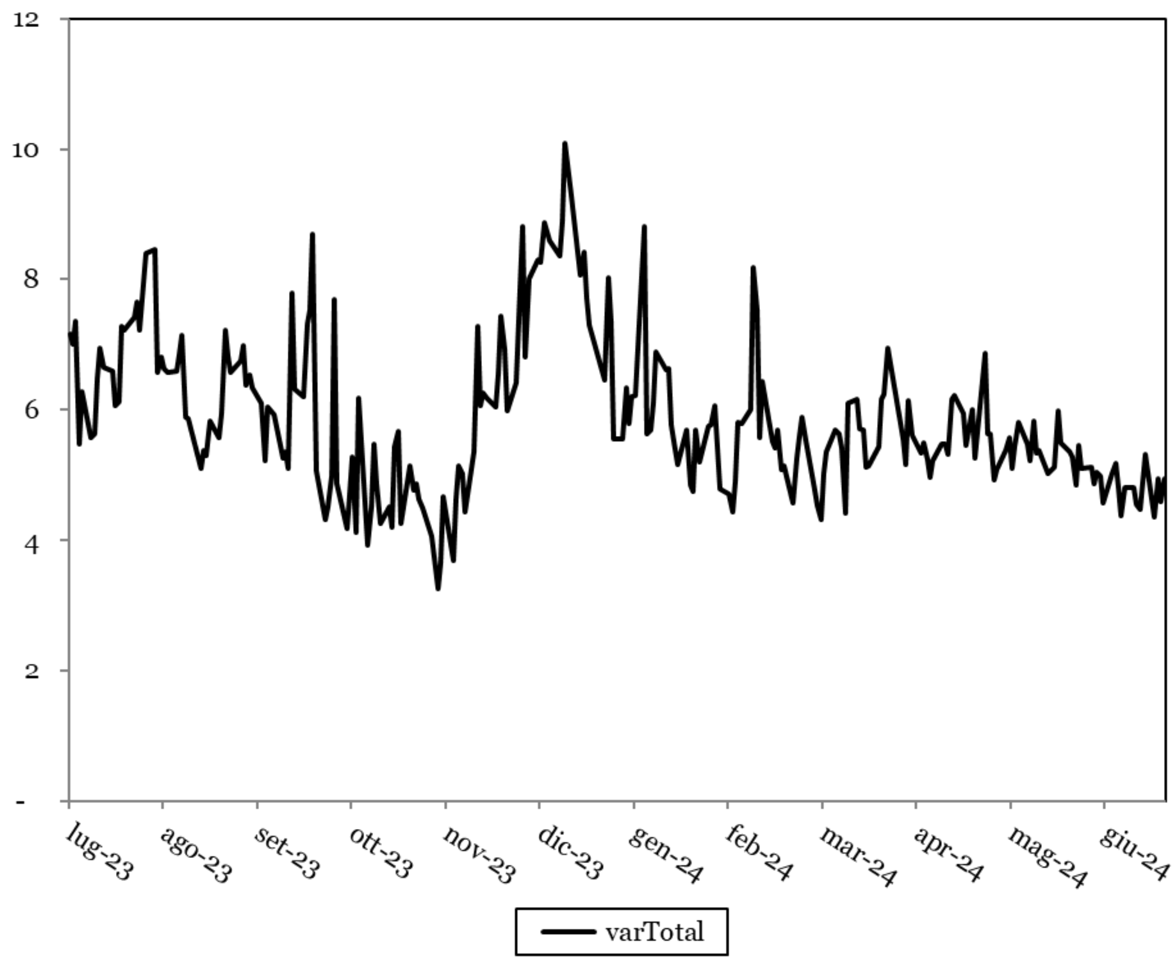
* Due to the Euro appreciating relative to other currencies.

The data as at 30 June 2023 is shown below for comparison purposes:

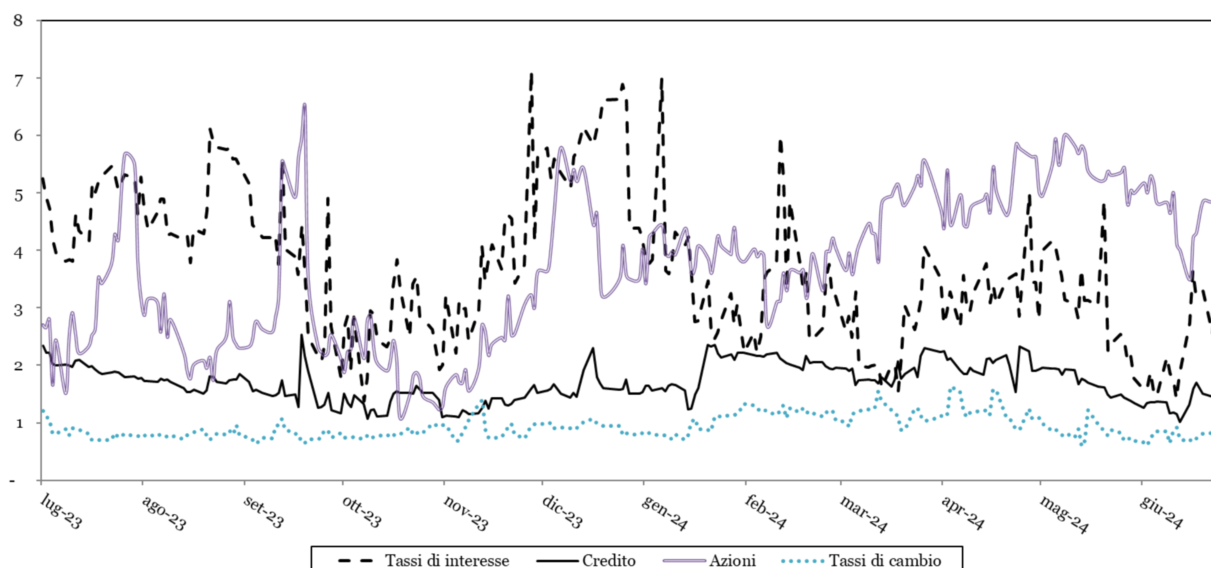
Risk factors	Financial year 2022 - 2023			
Data in euro	06/30/2023	Min	Max	Average
Equity delta (+1%)	(24,805)	(513,481)	6,330,451	418,680
Equity vega (+1%)	239,406	(461,445)	3,166,955	757,496
Interest rate delta (+1bp)	183,720	(173,610)	612,456	218,649
Inflation delta (+1bp)	3,705	(245)	42,311	13,079
Exchange rate delta (+1%)*	137,294	(3,739,534)	763,080	142,539
Credit delta (+1bp)	460,497	(4,356)	730,681	421,632

MEDIOBANCA

Trading book VaR trend



VaR components trend (Trading)



Template EU MR1: Market risk based on standardized approach

		06/30/2024	06/30/2023
		a	a
		RWEAs	RWEAs
	Outright products		
1	Interest rate risk (general and specific)	1,225,007	1,561,197
2	Equity risk (general and specific)	83,554	92,441
3	Foreign exchange risk	—	—
4	Commodity risk	—	—
	Options		
5	Simplified approach	—	—
6	Delta-plus approach	309,848	369,961
7	Scenario approach	—	—
8	Securitization (specific risk)	62,965	69,229
9	**Total**	**1,681,374**	**2,092,828**

As at 30 June 2024, risk-weighted assets in view of market risks, according to the standard methodology shown in Section 1.1, stood at €1.7bn, lower than last year (€2.1bn). Since the start of the financial year, trading portfolio activity has reduced in line with the redemptions of the certificates issued, plus the residual reductio in gamma and vega risks in relation to options trading according to the Delta+ methodology, while the risk on outright equity positions remains stable.

The limited exchange rate risk position continues to be below the regulatory threshold permitted, and therefore generates no 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: RWEA 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.

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

IFRS 13 §24 defines fair value as the amount that may be received to sell an asset, or paid to transfer a liability on a leading market, in an orderly transaction between market participants.

For financial instruments quoted on active markets, the fair value is determined on the basis of the official prices quoted on the principle market, or the more advantageous market, to which the Group has access; such instruments are said to be marked to market. A market is defined as active if the trading in assets or liabilities occur with sufficient frequency and sufficient volumes to provide useful information for the purpose of determining prices on an ongoing basis.

In the absence of quotations on active markets, or if there is no regular functioning market, that is, if the market does not have a sufficient or continuous number of trades, cash-letter spreads and volatility that is not sufficiently low, valuation models based on market inputs are used, such as the following in particular:

- Valuation of listed instruments with similar characteristics:
- Discounted cashflow calculations;
- Option price determination models, valuations recorded in recent comparable transactions prudentially adjusted to reflect the illiquidity of certain market data and other risks related to specific transactions (reputational risk, replacement risk, etc.).

Reference is made to Part A of the Notes to the Accounts in the Annual Report for the year ended 30 June 2024.

16.2.1 Fair value hierarchy

Assets held by banks must be classified based on the fair value levels of such assets. This means that the fair values themselves must be classified based on a hierarchy of levels reflecting the significance of inputs used in the valuations.

The term "valuation input" (or "input") refers to the market data used to estimate the fair value of financial instruments. The Bank uses valuation techniques that are appropriate to the circumstances and for which sufficient data are available.

Inputs are described as observable when the information used in the valuation techniques is based on market information obtained from sources independent of the Bank (such as prices that are obtained from listed markets to which the Bank has direct access, or broker quotes).

Inputs are described as unobservable when the information used in the valuation techniques is based reflects the Bank's judgement formulated using the best information available in such circumstances.

The principles of observability and levelling are based on a two-phase approach: at the in the first phase, a level is assigned to all inputs applied in the instrument valuation model, and in the second phase, the materiality of the various inputs used to determine the relevance of any unobservable inputs on the determination of fair value. The determination of such relevance is the process applied to establish whether the unobservable inputs (i.e. Level 2 or Level 3 inputs) are material to the entire measurement of the instrument as a whole.

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 in the Annual Report for the year ended 30 June 2024 for further information.

16.2.2 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".

IPV 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.

16.2.3 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.

For further information, reference is made to Part A of the Notes to the Accounts included in the Annual Report for the year ended 30 June 2024.

The following template shows the calculation of the AVA as at 30 June 2024, with breakdown by the various categories:

Template EU PV1: Prudent valuation adjustments (PVA) (1/2)

		a	b	c	d	e
		Risk category				
	Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities
1	Market price uncertainty	12,054	8,653	79	18,365	—
3	Close-out cost	11,616	11,222	79	9,122	—
4	Concentrated positions	4,638	—	—	—	—
5	Early termination	1,907	1,549	298	745	—
6	Model risk	4,010	—	4	683	—
7	Operational risk	1,184	1,003	8	1,479	—
10	Future administrative costs	3	—	—	1	—
12	**Total Additional Valuation Adjustments (AVAs) as at 06/30/2024**					

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Template EU PV1: Prudent valuation adjustments (PVA) (2/2)

		EU e1	EU e2	f	g	h
		Category level AVA - Valuation uncertainty		Total core approach		
	Category level AVA	Unearned credit spreads AVA	Investment and funding costs AVA		of which: in the trading book	of which: in the banking book
1	Market price uncertainty	1,005	93	20,124	17,565	2,560
3	Close-out cost	1,089	93	16,610	16,341	270
4	Concentrated positions			4,638	703	3,935
5	Early termination			4,499	4,499	—
6	Model risk	596	25	2,659	2,659	0
7	Operational risk			3,673	3,391	283
10	Future administrative costs			4	—	4
12	**Total Additional Valuation Adjustments (AVAs) as at 06/30/2024**			**52,209**	**45,157**	**7,052**

16.2.4 Fair value, independent price verification and prudent value of UCITS

During the twelve months under review, a new Directive has been introduced and approved defining the organizational model adopted by the Bank in the area of valuation and control of UCITS for Independent Price Verification, the fair value and prudent value adjustment methodologies, and for classification purposes (observability and levelling).

The Directive provides a full and detailed overview of the procedures and responsibilities involved, ensuring that each phase of the investment process is transparent, accurate and compliant with the regulations in force.

In particular, annual controls have been introduced for funds (private equity, debt and real estate), using a leading third-party company specializing in the measurement of the NAV of UCITS funds.

The IPV process is subdivided into two levels:

- For the individual underlying instruments, a point-in-time check is carried out, and a flag is activated based on any differences noted from the valuation notified by the fund manager;
- For each fund, the "thorough documentation" and "adequate valuation" are analysed".

For the new corrections to be made to UCITS funds following uncertainty in the valuation based on the market prices, the Fair Value Adjustment (FVA) process takes the form of the Performance Simulation Model, which uses the Monte Carlo simulation methodology, whereby the NAV probability distribution at each fund's expiry, appropriately discounted, and the probability of having to record a discount as a result are identified. This distribution is then used to suggest a range of range of haircuts to be applied to the NAV.

Consistent with the introduction of the Fair Value Adjustment and Independent Price Verification corrections for UCITS, these instruments have also been included in the Prudent Valuation scope during the year.

For further information, reference is made to Part A of the Notes to the Accounts included in the Annual Report for the year ended 30 June 2024.

Section 17 – Concentration risk and large exposures

For purposes of reporting the large exposures referred to in CRR II, the limit set is 10% of CET 1 capital (referring to the nominal value of the exposures), whereas the concentration limit is 25% again of CET1 capital (in this case, however, referring to the weighted value following application of the Credit Risk Mitigation based on the methodology applied by the Group.

No counterparty exceeded the concentration limit, with the exception of Assicurazioni Generali (for which the part exceeding the limit is deducted from regulatory capital), and no particular difficulties in operations during the financial year were noted, thanks to the ongoing monitoring of the exposures.

Quantitative information

As at 30 June 2024, exposures (including market risk and equity investments) exceeding 10% of CET 1 regulatory capital concerned ten customer groups (two more than in the previous financial year) for a gross exposure of €12.6bn (€8.4bn taking into account guarantees and weightings), more than at end-June 2023 (€9.4bn and €7.1bn respectively). In detail, the ten positions concerned two insurance companies and eight banking groups.

Section 18 – Remuneration and incentivization systems and practices

Qualitative information

The Remuneration and Incentivization Policies are a fundamental instrument used to support the Group's medium- and long-term strategies. The policies serve to attract, motivate and retain staff, creating a sense of identity and developing a culture based on performance and merit.

For information on remuneration policies, see the Annual Report on the Group's remuneration and incentivization policy approved by shareholders in Annual General Meeting, and published in the "Governance: Remuneration" section of the www.mediobanca.com website.

The Mediobanca Group's remuneration policy is drawn up, including all information required by Article 450 of the CRR, paying constant attention to the Italian and EU regulations, including in the light of the new documents published by the supervisory authorities.

In FY 2023-24, the governing bodies of Mediobanca have continued to devote significant attention to the issue of staff remuneration and incentivization.

Compared to the previous version, the new Mediobanca Group policy:

- Expands and updates the list of operators included in the peer group used by Mediobanca as part of its ongoing efforts to compare itself with best market practice; and contains further explanation of: i) the underlying reasons for the selection and exclusion of potential comparable players, with reference in particular to the samples suggested by the proxy advisors; and ii) disclosure of the Group's positioning relative to the compensation paid by the sample of peers selected;
- Introduces new quantitative rules for the gateways triggering the payment of variable remuneration, consistent with the revised version of the Risk Appetite Framework, and strengthening the alignment between risks, the Bank's performance, and the remuneration and incentivization systems;
- Provides details on the new structure of the scorecard and incentivization curve adopted for the CEO and Group General Manager;
- Increases the stock ownership requirement for the CEO and Group General Manager to three times (vs two times) and two times (vs one time) their fixed salaries, as per best market practice;
- Alters the additional qualitative criteria for Financial Advisors to be included within the scope of Identified Staff, with the indicator now set at 7.5% of the TFAs attributable to the individual

FA, compared with 10% previously, making the criteria for FAs to be defined as Identified Staff more prudential;

- Goes once again into considerable detail, in the second section, in terms of the quantitative and qualitative information provided regarding the Group's positioning with reference to the Gender Pay Gap and Equal Pay Gap;
- Enhances the disclosure provided in order to ensure increasing transparency and clarity of exposure.

In line with the past, the Policy:

- Highlights the link between remuneration policy, corporate sustainability and ESG objectives;
- Complies with the applicable regulations;
- Enables the areas of the Bank and Group which create value, including in corporate social responsibility terms, to be suitably rewarded based on objective measurement criteria;
- Allows the Group to attract and retain professionals with skills and capabilities appropriate to its needs;
- Is aligned with the policies adopted by other leading Italian and international operators.

A cap on variable remuneration continues to be adopted, set at 200% of fixed remuneration, with the exception of recipients working for companies subject to other sector regulations (such as asset management or investment companies), for whom different limits are set.

The Remunerations Committee in office was appointed by the Board of Directors on 30 October 2023, and consists of five non-executive Directors who qualify as independent as defined in Article 13 of Italian Ministerial Decree 169/2020 and Article 19 of the Articles of Association. More than one member possesses adequate expertise and experience in financial matters or remuneration policies.

In FY 2023-24 the Committee met on ten occasions (six of which since 30 October 2023). The average duration of Remunerations Committee meetings was approx. two hours. The average attendance rate by Committee members was 100%.

The Committee's duties include proposing compensation for staff whose remuneration is decided by the Board of Directors. It serves in an advisory capacity for decisions regarding the criteria to be used for compensation payable to all identified staff, with a focus on senior management and the heads of the principal business units in particular, along with the CEOs/General Managers of the main Group Legal Entities if they also qualify as Group Material Risk Takers; and monitors application of the rules governing the remuneration of the heads of the company's control units, working closely with

the Statutory Audit Committee in this connection. It works together with the other internal committees, in particular the Risks and Sustainability Committees; and ensures that all relevant company units are involved in compiling and checking the remuneration and incentivization policies and practices. It gives its opinion on the results of the Material Risk-Takers identification process, including any exclusions, and on whether the performance objectives to which the incentivization schemes are linked have been reached. It establishes whether the other conditions precedent to payment of compensation have been met, on the basis *inter alia* of information received from the other company units; monitors the policy's gender neutrality; and provides feedback on the activities performed to the governing bodies.

The Remunerations Committee, like last year, chose to retain an independent advisor in the performance of its duties for FY 2023-24, which contributes to the debate on the main items on the agenda, giving its opinion on the policies adopted and on certain aspects of process, including through the issue of fairness opinion on specific topics. Deloitte Consulting was the independent advisor until the Group Remuneration Policy for FY 2022-23 was approved (in October 2023), while the new advisor engaged in February 2024 is WTW. The independent advisor has taken part in Committee meetings.

The Mediobanca Group Policy, which forms part of the parent company's activities of direction and co-ordination of its own Group companies, ensures that the remuneration and incentivization systems operating within the Banking Group are consistent, while respecting the specific nature of their sectors of operation and applying the relevant sector regulations, organizational structures, regulations applicable according to type of business and geographical location. In particular, the parent company manages the process of defining Identified Staff, issues guidance to be adopted, and takes part in drafting documents relating to the remunerations policies to be compiled by the subsidiaries.

The Group's remuneration and incentivization policy seeks to generate sustainable value over the long term via:

- Pre-established governance mechanisms involving various different bodies, organizational units and parties, to guarantee that the processes followed are structured, controlled, and verifiable *ex post*;
- An overall remuneration package which reflects a balanced pay mix between fixed and variable components according to company role, and does not encourage or promote risky behaviour or conduct that is unduly geared to achieving short-term results;
- A fair level of remuneration reflecting the competences, abilities and professional experience of each staff member, ensuring that the principle of equal opportunities is applied in practice;

- A short- and long-term incentive structure based on risk-adjusted indicators and aligned to the Risk Appetite Framework with a view to achieving business continuity and sustainable results over the long term;
- Correlation of the incentivization system to the principles set out in the Group Sustainability Policy and the Group ESG Policy; inclusion of sustainability issues in the Group's strategies;
- Limits or cap on variable remuneration;
- Ongoing monitoring of the staff remuneration package's positioning relative to the reference market, and close scrutiny of the gender pay gap;
- Individual performances are evaluated clearly and transparently, based on merit and in accordance with the principle of equal opportunities;
- Deferral and payment of variable remuneration over a time horizon of several years, including in the form of equity instruments, in order to link incentives to the creation of value over the long term;
- Centrality of reputational issues, *ex ante* and *ex post*, in the form of malus and clawback mechanisms for the remuneration;
- Pre-established, transparent means of treatment for staff in the event of their employment with the Mediobanca Group ceasing, with pre-established caps in terms of the maximum number of monthly salaries that can be paid and the absolute value of the severance payable;
- Transparency in reporting.

The Group Remuneration Policy and Report is approved by shareholders in Annual General Meeting, after being approved first by the Board of Directors with the opinion of the Remunerations Committee. The Group Human Capital, Group CFO, Group Risk Management, Compliance and Group Audit Units all play an active part in the process, according to their respective areas of responsibility. The activities are suitably tracked and documented.

Material Risk-Takers, i.e. staff members whose professional activity may impact substantially on the Mediobanca Group's risk profile, are identified annually at the end of a formalized process involving Mediobanca S.p.A. and the other Group companies. The information collected is then sent to Mediobanca S.p.A. to be consolidated, whereas for the other, non-banking subsidiaries, the parent company carries out its own assessment.

For definition of its identified staff, Mediobanca adopts the regulatory technical standards provided in Commission Delegated Regulation (EU) No. 2021/923 of 25 March 2021, published in the Official Journal of the European Union on 9 June 2021. The criteria are:

- Qualitative: linked to role (including for non-executive directors) and to decision-making powers assigned and responsibilities taken within the Group structure, consistent with the nature, range and complexity of the activities performed. Factors considered include organizational position within the Group, materiality of the business unit (not just in terms of the capital allocated to them, but also of volumes and complexity), risk profile, including with reference to reputation, participation in internal Group committees, independence in terms of decision-making and operations, geographical location of the office at which they work (in view of the pay differences between different countries), and specific characteristics of the sectors concerned (e.g. asset management and the investment firms.
- Quantitative: based on the total overall remuneration received in the previous financial year.
- The definition of Material Risk-Taker also includes financial and insurance brokers and financial advisors authorized to offer products door-to-door.

Subject to approval by shareholders in Annual General Meeting, in accordance with national and supranational regulations, the maximum limit set for the variable remuneration of all Mediobanca Group employees, and hence all identified staff, is 200% of their fixed remuneration. The remuneration package for the Group's identified staff members who work for the control units (Group Audit, Compliance, Risk Management) is structured to comprise a fixed component representing the majority and a variable component awarded annually based on qualitative criteria and linked to the effectiveness and quality of control action. Their variable remuneration is capped at 33% of the fixed component, and that of the heads of these units is decided annually by the Board of Directors, based on the Remuneration Committee's proposal. Different limits apply to staff working in asset management and for the investment firms.

Variable remuneration and the correlation between risks and performance are determined via a process which aims to reward staff based on the Bank's and the Group's risk-adjusted performances, in line with the risk profile defined in the Risk Appetite Framework (RAF), with a view to achieving business continuity and sustainable results over the long term. Distribution of the variable remuneration earmarked for the remuneration of the "identified staff" in each Group organizational division only takes place if the following indicators or "gateways" are met:

- Capital adequacy and liquidity requirements at levels which are higher than those stated in the Risk Appetite Framework approved by the Board of Directors, which are the primary indicators taken into consideration in the ICAAP. These are: CET 1 ratio, Leverage ratio, AFR/ECAP, Liquidity Coverage Ratio, and Net Stable Funding Ratio.
- Positive operating profit delivered at Group level.

The annual variable remuneration payable to the Group's divisions and business units, including the share attributable to identified staff, is calculated based on the risk-adjusted earnings performances of the respective divisional areas (Economic Profit and/or RORWA and/or other risk-adjusted metrics) and on other secondary quantitative and qualitative objectives. The individual incentive system and the allocation of variable remuneration to individual beneficiaries are determined through an annual performance evaluation process based on merit and professional quality, with particular attention to reputational issues.

The Board of Directors, at the Chief Executive Officer's proposal and with the Remunerations and Related Parties' Committees in favour, may approve payment of variable remuneration in favour of Identified Staff in order to safeguard the most critical professional capabilities, even if the gateways have not been met. The possibility of paying variable remuneration for retention purposes is assessed in the light of the causes for the individual gateways not being met, and the impact of the individual indicator on the Group's capital adequacy, liquidity and profitability, including through assessment of the causal link with the Group's various divisions. Furthermore, if the gateways are met but an Economic Profit or other divisional indicator is delivered which is negative or small, the Chief Executive Officer may also propose a variable remuneration floor pool for identified staff, agreeing the rationale for distributing the proceeds with the governing bodies based on the individual contributions of the business activities to the company's results.

For staff employed in the control, staff and support units the variable component, which is usually small, is not related to earnings performance or the Group's results but to individual qualitative performance (value of staff, quality of performance, retention strategies) and to the role's positioning relative to the reference market. For staff employed in the internal control units (i.e. Group Audit, Compliance and Risk Management), assessment is made of the continuous monitoring and control of the Bank's processes and operations carried out by them, independently and autonomously, to prevent risk situations developing and ensure irregular behaviour or events is picked up swiftly. Also evaluated is these units' continuous assessment of compliance with the regulations in the form of appropriate audit plans, updates to internal guidance, training of internal units; correct development of models, methodologies and metrics with which to measure market, credit and operational risks, producing adequate reporting for monitoring processes; and accurate analysis of new products and their risk profiles.

The Mediobanca Group has adopted a New Joiner Policy, which provides for the allocation of buyout, sign on and entry bonuses for particularly important profiles, exclusively at the recruitment stage, and for the first year of their employment by the company. The New Joiner Policy also provides for the possibility of an amount being paid at recruitment to compensate for any loss in earnings from previous jobs, in accordance with consolidated sector practice. Such amounts are decided and paid in accordance with the policy and regulations in force. Application of the other constituents of

the Policy (such as deferral, payment in cash and equity, payment being subject to malus and clawback provisions) ensures that the compensation structure is aligned with risks at all times and with the objective of achieving sustainability over the long term.

As provided by the regulations and the Articles of Association, the shareholders in ordinary general meeting are responsible for determining the compensation to be awarded in cases where beneficiaries leave office or the employment arrangement is terminated early, including the limits set on such compensation in terms of the annual fixed salary and the maximum amount deriving from applying them.

A substantial proportion of the variable component is deferred in time and distributed in the form of equity instruments, in order to link incentives to the objective of value creation in the long term, and to allow the continuity of the company's positive results to be verified. Payments are made through annual pro rata instalments and depends on the beneficiary's role and the variable remuneration payable to them.

For directors with executive duties and senior management the deferral period is always five years. The deferred component is:

- 60% (55% in equities and 45% in cash), for variable remuneration equal to or higher than €436,000;
- 50% (56% in equities and 44% in cash) for variable remuneration of less than €436,000.

For other Identified Staff, deferral is over a four-year time horizon, made up as follows:

- 60% (50% in equities and 50% in cash), for variable remuneration equal to or higher than €436,000;
- 40% (50% in equities and 50% in cash), for variable remuneration of less than €436,000.
- For the Material Risk-Takers, the upfront component is paid half in cash and half in Mediobanca shares. For Identified Staff, the deferral mechanism does not apply if their annual variable remuneration does not exceed the materiality threshold of €50,000 and does not represent more than one-third of their total compensation.
- After the vesting period, the shares are subject to a further retention holding period of one year.

Variable remuneration components may only be assigned, when awarded and when deferred payment takes place, if the beneficiary has not committed any of the instances contemplated in the Group Directive on Compliance Breaches (i.e. has not been subject to disciplinary proceedings based *inter alia* on the provisions of the Code of Ethics, Organizational Model instituted pursuant to Italian Legislative Decree 231/01, or violations of the Business Conduct policy and/or the other internal

guidelines issued by Mediobanca), and if no losses are attributable to their actions. The deferred variable remuneration component is paid, after the performance evaluation process has been completed over the relevant timeframe, i.e. annual (short-term incentive) or long-term (long-term incentive), provided that:

- The beneficiary is still a Group employee and not serving a period of notice for resignation or dismissal;
- In each of the financial years, the performance conditions (i.e. the gateways) are met;
- The beneficiaries' business units post a positive risk-adjusted result net of extraordinary items and the effects of strategic decisions, as validated by the Risk Management unit.

Mediobanca reserves the right to take all measures necessary to claim back variable remuneration already paid (the "clawback" mechanism) in the event of damages emerging to the integrity of its capital, profitability and earnings/financial or reputational situation, which are attributable to the conduct of individual staff members even without fraud and/or wilful misconduct being established.

Clawback clauses can be applied to Identified Staff up to the fifth year following payment of variable remuneration, upfront or deferred, and up to one year for other staff. The Chief Executive Officer is required to hold a number of Mediobanca shares equal in value to three times the amount of his fixed salary (including the emolument payable for holding such office, as measured at the end of the financial year and based on the average Mediobanca stock market price recorded in the same financial year), and the Group General Manager twice the amount of his fixed salary, even after the shares deriving from the award of the variable component have actually been assigned, until the respective vesting/holding periods expire. The equivalent amount of shares, to be delivered in a timespan of five years from the date of their first award, must be held throughout the duration of their terms of office, to ensure their interests are aligned with those of the shareholders (the "stock ownership requirement").

The total remuneration for each member of the management body or senior management is stated in the "Tables of analytical quantitative data" contained in the Report on Remuneration and Compensation Paid.

The Mediobanca Group benefits from the exemption provided for under Article 94(3)(b) of the CRD. A total of 15 staff members benefit from this exemption, with an aggregate total compensation of €3,266,000, of which €2,724,000 fixed and €542,000 variable. For the quantitative information on the collective compensation paid to the Board of Directors, see the "Tables of analytical quantitative data" contained in the Report on Remuneration and Compensation Paid.

Quantitative information

Template EU REM1 - Remuneration awarded for the financial year

			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	13	2	10	101
2		Total fixed remuneration	3,079,995	4,516,891	9,486,349	36,572,693
3		of which: cash-based	3,076,196	3,500,000	8,790,012	35,040,787
EU-4a		of which: shares or equivalent ownership interests				
5		of which: share-linked instruments or equivalent non-cash instruments				
EU-5x		of which: other instruments				
7		of which: other forms	3,799	1,016,891	696,337	1,531,906
9	Variable remuneration	Number of identified staff		2	10	81
10		Total variable remuneration		3,123,000	11,829,000	24,694,175
11		of which: cash-based		1,467,810	5,585,070	12,733,388
12		of which: deferred		843,210	3,165,870	6,117,625
EU-13a		of which: shares or equivalent ownership interests		1,655,190	6,243,930	11,690,787
EU-14a		of which: deferred		1,030,590	3,872,730	5,955,625
EU-13b		of which: share-linked instruments or equivalent non-cash instruments				
EU-14b		of which: deferred				
EU-14x		of which: other instruments				270,000
EU-14y		of which: deferred				162,000
15		of which: other forms				
16		of which: deferred				
17	**Total remuneration (2 + 10)**		**3.079.995**	**7,639,891**	**21,315,349**	**61,266,868**

Template EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards - Number of identified staff				1
2	Guaranteed variable remuneration awards -Total amount				165,000
3	of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				165,000
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff				21
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount				301,435
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year - Number of identified staff				1
7	Severance payments awarded during the financial year - Total amount				999,755
8	of which paid during the financial year				199,951
9	of which deferred				799,804
10	of which severance payments paid during the financial year, that are not taken into account in the bonus cap				199,951
11	of which highest payment that has been awarded to a single person				999,755

Template EU REM3 - Deferred remuneration (1/2)

	Deferred and retained remuneration	a	b	c	d
		Total amount of deferred remuneration awarded for previous performance periods	of which due to vest in the financial year	of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year
1	MB Supervisory function				
2	Cash-based				
3	Shares or equivalent ownership interests				
4	Share-linked instruments or equivalent non-cash instruments				
5	Other instruments				
6	Other forms				
7	MB Management function	12,662,317	2,179,600	10,482,717	
8	Cash-based	6,315,420	1,248,480	5,066,940	
9	Shares or equivalent ownership interests	6,346,897	931,120	5,415,777	
10	Share-linked instruments or equivalent non-cash instruments				
11	Other instruments				
12	Other forms				
13	Other senior management	19,717,152	3,453,414	16,263,738	
14	Cash-based	9,477,090	1,856,600	7,620,490	
15	Shares or equivalent ownership interests	10,240,062	1,596,814	8,643,248	
16	Share-linked instruments or equivalent non-cash instruments				
17	Other instruments				
18	Other forms				
19	Other identified staff	27,553,208	8,250,598	19,302,610	
20	Cash-based	16,899,449	3,719,888	13,179,561	
21	Shares or equivalent ownership interests	10,287,759	4,389,710	5,898,049	
22	Share-linked instruments or equivalent non-cash instruments				
23	Other instruments	366,000	141,000	225,000	
24	Other forms				
25	**Total amount**	**59,932,677**	**13,883,612**	**46,049,065**	

Template EU REM3 - Deferred remuneration (2/2)

	Deferred and retained remuneration	e	f	EU-g	EU-h
		Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function				
2	Cash-based				
3	Shares or equivalent ownership interests				
4	Share-linked instruments or equivalent non-cash instruments				
5	Other instruments				
6	Other forms				
7	MB Management function		2,171,750	2,179,600	931,120
8	Cash-based			1,248,480	
9	Shares or equivalent ownership interests		2,171,750	931,120	931,120
10	Share-linked instruments or equivalent non-cash instruments				
11	Other instruments				
12	Other forms				
13	Other senior management		3,255,885	3,453,414	1,596,814
14	Cash-based			1,856,600	
15	Shares or equivalent ownership interests		3,255,885	1,596,814	1,596,814
16	Share-linked instruments or equivalent non-cash instruments				
17	Other instruments				
18	Other forms				
19	Other identified staff		3,156,365	8,250,598	4,530,710
20	Cash-based			3,719,888	
21	Shares or equivalent ownership interests		3,156,365	4,389,710	4,389,710
22	Share-linked instruments or equivalent non-cash instruments				
23	Other instruments			141,000	141,000
24	Other forms				
25	**Total amount**		**8,584,000**	**13,883,612**	**7,058,644**

Template EU REM4 – Remuneration of €1m or more per year

	EUR	a Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	13
2	1 500 000 to below 2 000 000	7
3	2 000 000 to below 2 500 000	1
4	2 500 000 to below 3 000 000	
5	3 000 000 to below 3 500 000	1
6	3 500 000 to below 4 000 000	
7	4 000 000 to below 4 500 000	2
8	4 500 000 to below 5 000 000	1
9	5 000 000 to below 6 000 000	
10	6 000 000 to below 7 000 000	
11	7 000 000 to below 8 000 000	
x	To be extended, as appropriate, if additional ranges of payment.	

Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (1/2)

		a	b	c	d	e
		Management body remuneration			Business areas	
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking
1	**Total number of identified staff**					
2	of which: members of the MB	13	2	15		
3	of which: other senior management				6	3
4	of which: other identified staff				36	27
5	**Total remuneration of identified staff**	**3,079,995**	**7,639,891**	**10,719,886**	**44,241,280**	**24,557,486**
6	of which: variable remuneration		3,123,000	3,123,000	22,538,755	9,569,340
7	of which: fixed remuneration	3,079,995	4,516,891	7,596,886	21,702,525	14,988,146

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Template EU REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (2/2)

	f	g	h	i	j
	Business areas				Total
	Asset management	Corporate functions	Independent internal control functions	All other	
1 Total number of identified staff					**113**
2 of which: members of the MB					
3 of which: other senior management		1			
4 of which: other identified staff	2	14	22		
5 Total remuneration of identified staff	**1,372,946**	**6,901,084**	**5,509,421**		
6 of which: variable remuneration	540,000	2,667,000	1,208,080		
7 of which: fixed remuneration					

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, 19 September 2024

Head of Company Financial Reporting

Emanuele Flappini

Annexes

Annex 1: List of NACE sectors to be considered for "Template 3: Banking book – Climate change transition risk: Alignment metrics"

IEA sector	Column b - NACE Sectors (a minima) - Sectors required		**Examples of metrics - non-exhaustive list. Institutions shall apply metrics defined by the IEA scenario
Sector in the template	sector	code	
Maritime transport	*shipping*	*301*	Average tonnes of CO2 per passenger-km Average gCO_2/MJ and Average share of high carbon technologies (ICE).
Maritime transport	*shipping*	*3011*	
Maritime transport	*shipping*	*3012*	
Maritime transport	*shipping*	*3315*	
Maritime transport	*shipping*	*50*	
Maritime transport	*shipping*	*501*	
Maritime transport	*shipping*	*5010*	
Maritime transport	*shipping*	*502*	
Maritime transport	*shipping*	*5020*	
Maritime transport	*shipping*	*5222*	
Maritime transport	*shipping*	*5224*	
Maritime transport	*shipping*	*5229*	
Power	*power*	*27*	Average tonnes of CO2 per MWh and Average share of high carbon technologies (oil, gas, coal).
Power	*power*	*2712*	
Power	*power*	*3314*	
Power	*power*	*35*	
Power	*power*	*351*	
Power	*power*	*3511*	
Power	*power*	*3512*	
Power	*power*	*3513*	
Power	*power*	*3514*	
Power	*power*	*4321*	
Fossil fuel combustion	*oil and gas*	*91*	Average tons pf CO2 per GJ. and Average share of high carbon technologies (ICE).
Fossil fuel combustion	*oil and gas*	*910*	
Fossil fuel combustion	*oil and gas*	*192*	
Fossil fuel combustion	*oil and gas*	*1920*	
Fossil fuel combustion	*oil and gas*	*2014*	
Fossil fuel combustion	*oil and gas*	*352*	
Fossil fuel combustion	*oil and gas*	*3521*	
Fossil fuel combustion	*oil and gas*	*3522*	
Fossil fuel combustion	*oil and gas*	*3523*	
Fossil fuel combustion	*oil and gas*	*4612*	
Fossil fuel combustion	*oil and gas*	*4671*	
Fossil fuel combustion	*oil and gas*	*6*	
Fossil fuel combustion	*oil and gas*	*61*	
Fossil fuel combustion	*oil and gas*	*610*	
Fossil fuel combustion	*oil and gas*	*62*	
Fossil fuel combustion	*oil and gas*	*620*	
Iron and steel, coke, and metal ore production	*steel*	*24*	Average tonnes of CO2 per tonne of
Iron and steel, coke, and metal ore production	*steel*	*241*	

IEA sector	Column b - NACE Sectors (a minima) - Sectors required		**Examples of metrics - non-exhaustive list. Institutions shall apply metrics defined by the IEA scenario
Sector in the template	sector	code	
Iron and steel, coke, and metal ore production	*steel*	*2410*	output and Average share of high carbon technologies (ICE).
Iron and steel, coke, and metal ore production	*steel*	*242*	
Iron and steel, coke, and metal ore production	*steel*	*2420*	
Iron and steel, coke, and metal ore production	*steel*	*2434*	
Iron and steel, coke, and metal ore production	*steel*	*244*	
Iron and steel, coke, and metal ore production	*steel*	*2442*	
Iron and steel, coke, and metal ore production	*steel*	*2444*	
Iron and steel, coke, and metal ore production	*steel*	*2445*	
Iron and steel, coke, and metal ore production	*steel*	*245*	
Iron and steel, coke, and metal ore production	*steel*	*2451*	
Iron and steel, coke, and metal ore production	*steel*	*2452*	
Iron and steel, coke, and metal ore production	*steel*	*25*	
Iron and steel, coke, and metal ore production	*steel*	*251*	
Iron and steel, coke, and metal ore production	*steel*	*2511*	
Iron and steel, coke, and metal ore production	*steel*	*4672*	
Iron and steel, coke, and metal ore production	*coal*	*5*	
Iron and steel, coke, and metal ore production	*coal*	*51*	
Iron and steel, coke, and metal ore production	*coal*	*510*	
Iron and steel, coke, and metal ore production	*coal*	*52*	
Iron and steel, coke, and metal ore production	*coal*	*520*	
Iron and steel, coke, and metal ore production	*steel*	*7*	
Iron and steel, coke, and metal ore production	*steel*	*72*	
Iron and steel, coke, and metal ore production	*steel*	*729*	
Fossil fuel combustion	*coal*	*8*	Average tons pf CO2 per GJ. and Average share of high carbon technologies (ICE).
Fossil fuel combustion	*coal*	*9*	
Cement, clinker and lime production	*cement*	*235*	Average tonnes of CO2 per tonne of output and Average share of high carbon technologies (ICE).
Cement, clinker and lime production	*cement*	*2351*	
Cement, clinker and lime production	*cement*	*2352*	
Cement, clinker and lime production	*cement*	*236*	
Cement, clinker and lime production	*cement*	*2361*	
Cement, clinker and lime production	*cement*	*2363*	
Cement, clinker and lime production	*cement*	*2364*	
Cement, clinker and lime production	*cement*	*811*	
Cement, clinker and lime production	*cement*	*89*	
aviation	*aviation*	*3030*	Average share of sustainable aviation fuels and Average tonnes of CO2 per passenger-km
aviation	*aviation*	*3316*	
aviation	*aviation*	*511*	
aviation	*aviation*	*5110*	
aviation	*aviation*	*512*	
aviation	*aviation*	*5121*	
aviation	*aviation*	*5223*	
automotive	*automotive*	*2815*	Average tonnes of CO2 per passenger-
automotive	*automotive*	*29*	

IEA sector	Column b - NACE Sectors (a minima) - Sectors required		**Examples of metrics - non-exhaustive list. Institutions shall apply metrics defined by the IEA scenario
Sector in the template	sector	code	
automotive	*automotive*	*291*	km and Average share of high carbon technologies (ICE).
automotive	*automotive*	*2910*	
automotive	*automotive*	*292*	
automotive	*automotive*	*2920*	
automotive	*automotive*	*293*	
automotive	*automotive*	*2932*	

Annex 2: Lists of the world's top 20 most polluting companies

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

	Entity	$MtCO_{2}e$	% 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

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

COC: Close-Out Costs

COREP: Common Reporting

CNFS: Consolidated Non-Financial Statement

CRD IV: Capital Requirements Directive IV

CRM: Credit Risk Mitigation

CRR: Capital Requirement Regulation

CSA: Credit Support Annex

CSR: Corporate Social Responsibility

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 metric (energy efficiency level measured in in kWh/m²)

EPC label: Energy Performing Certificate

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

GACs: Garanzia sulla Cartolarizzazione delle Sofferenze (NPLs securitization guarantee)

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 Systematically Important Banks

G-SIIs: Global Systematically 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-Based System

IRS: Interest Rate Swap

IPV: Independent Price Verification

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 (Directive 2014/95/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

PVA: Prudent Valuation Adjustment

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: Securitization External-ratings-based approach

SEC- IRBA: Securitization Internal Rating-Based Approach

SEC-SA: Securitization – Standardized 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: Simple, 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 30 June 2024

(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 30 June 2024.
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.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1) and accordingly maintains a comprehensive system of quality control including documented policies and 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 consolidated financial statements as at and for the year ended 30 June 2024, upon which we issued our limited review report dated 25 September 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 authorization 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 30 June 2024 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, 25 September 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.