Basel III Pillar III
Disclosure to the public

Situation as at 31 December 2022

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.

Contents

Introduction

The body of regulations on banking supervision and corporate governance consists of Capital Requirements Directive IV and Capital Requirements Regulation (the "CRD IV/CRR/CRR2 Package") enacted in Italy under Bank of Italy circular no. 285 as amended, to adapt the national Italian regulations to the changes to the European Union banking supervisory framework.

With the publication of Regulation (EU) No. 876/2019 (CRR II), the EBA has introduced a series of significant changes to the regulatory framework, applicable from 28 June 2021. These changes, regarding part VIII of the CRR, have the objective of harmonizing the regular disclosure to be provided to the market. To this end, instructions have been provided to market operators in in Commission Implementing Regulation (EU) 2021/637 regarding the mapping between the information to be published starting from the reference date of 30 June 2021 and the information contained in the supervisory reporting.[1]

According to the provisions of CRR II, banks are to publish the required information at least annually; the entities themselves are responsible for assessing whether or not the information requested needs to be published more often, in view of the relevant characteristics of their current operations, and any aspects that may be liable to change suddenly.

For the additional guidance provided on disclosure by the European Banking Authority (EBA), reference is made to the contents of the document entitled Basel III Pillar III – Disclosure to the public as at 30 June 2022.

In particular, with reference to the Pillar III disclosure required on ESG risk (Final draft implementing technical standards on prudential disclosures on ESG risks in accordance with Article 449-*bis* of CRR II - EBA/ITS/2022/01), on 24 January 2022 the EBA published specific technical instructions for large institutions with securities traded on a regulated market of any EU Member State; accordingly, starting from the annual disclosure published for the year ended 30 June 2022 (and on a six-monthly basis thereafter), qualitative information has been provided on environmental, social and governance risks, quantitative information on climate change transition risk and on climate change physical risk, and KPIs for climate change mitigation measures (including the Green Asset Ratio) have all been provided as part of the Pillar III reporting. A phase-in period has been instituted for this disclosure, which ends with the financial year ending on 30 June 2024, for which period the full disclosure requested will be published.

The prudential regulation continues to be structured according to three "pillars":

1 The most recent update to the mapping tool provided by the regulator on 23 May 2022 has been used to complete the templates as at 30 June 2022.

— "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.

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 consolidated financial statements for the six months ended 31 December 2022, as well as the consolidated supervisory reporting. Also used in the preparation of this document were items in common with the capital adequacy process (i.e. the ICAAP and ILAAP reports). The contents are also consistent with the "Annual Statement on Corporate Governance and Ownership Structure", and with the reporting used by the senior management and Board of Directors in their risk assessment and management.

Figures are in €'000, unless otherwise specified.

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

In view of the increasing relevance of the disclosure, Mediobanca has decided voluntarily to submit its annual Pillar III Basel III disclosure for the year ended 31 December 2022 to limited assurance by its external auditors. 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.

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 31/12/22
435 – Risk management policies and objectives	Section 1 – General disclosure requirement	Consolidated interim financial statements as at 31 December 2022: Notes to the accounts - section E: information on risks and related hedging policies
436 – Scope of application	Section 2 – Scope of application	Consolidated interim financial statements as at 31 December 2022: Notes to the accounts - section A: Accounting policies
437 – Own funds	Section 3 – Composition of regulatory capital	Consolidated interim financial statements as at 31 December 2022: Notes to the accounts - section F: Information on consolidated capital
438 – Capital requirements	Section 4 – Capital adequacy	Consolidated interim financial statements as at 31 December 2022: Notes to the accounts - section F: Information on consolidated capital
439 – Exposure to counterparty risk	Section 10.1 – Counterparty risk: Standard method Section 10.2 Counterparty risk – management methodology	Consolidated interim financial statements as at 31 December 2022: 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 interim financial statements as at 31 December 2022: 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 31/12/22
443 – Unencumbered assets	Section 9 – Encumbered assets	N/A
444 – Use of ECAIs	Section 7.2 – Credit risk: use of ECAIs	N/A
445 – Exposure to market risk	Section 15 – Market risk	Consolidated interim financial statements as at 31 December 2022: Notes to the accounts - section E: Information on risks and related hedging policies (Section 1.2: Market risk)
446 – Operational risk	N/A	N/A
447 – Exposures in equities not included in the trading book	Section 13 – Exposures to equities: information on banking book position	N/A
448 – Exposure to interest rate risk on positions not included in the trading book	Section 14 – Interest rate risk on banking book positions	Consolidated interim financial statements as at 31 December 2022: Notes to the accounts - section E: Information on risks and related hedging policies (Section 1.2: Market risk)
449 – Exposure to securitization positions	Section 12 – Securitizations	Consolidated interim financial statements as at 31 December 2022: Notes to the Accounts – section E: Information on risks and related hedging policies (Section 1.1, Credit risk)
449bis – Disclosure on environmental, social and governance risks	Section 8 – ESG risks	Consolidated interim financial statements as at 31 December 2022: Notes to the accounts - section E: Information on risks and related hedging policies (Section 1.2: Market risks)
450 – Remuneration policy	N/A	N/A
451- Financial leverage	Section 5 – Financial leverage	Consolidated interim financial statements as at 31 December 2022: Notes to the accounts - section F: Information on consolidated capital

CRR II Article	Reference to Pillar III section	Reference to other statutory information at 31/12/22
452 – Use of the IRB method for credit risk	Section 7.3 – Credit risk: disclosure on portfolios subject to AIRB methods	Consolidated interim financial statements as at 31 December 2022: Notes to the accounts - section E: information on risks and related hedging policies (Section 1.1: Credit risk)
453 – Use of credit risk mitigation techniques	Section 11 – Risk mitigation techniques	Consolidated interim financial statements as at 31 December 2022: Notes to the accounts - section E: information on risks and related hedging policies (Section 1.1: Credit risk)
454 – Use of the Advanced Measurement Approaches to operational risk	N/A	N/A
455 – Use of Internal Market Risk models	N/A	N/A
471 – Exemption from deduction of equity holdings in insurance companies from Common Equity Tier 1 items	Section 3 – Composition of regulatory capital	Consolidated interim financial statements as at 31 December 2022: Notes to the accounts - section F: Information on consolidated capital (Section 2: Own funds and supervisory capital requirements for banks)

References to EBA requisites

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

Regulation (EU) 637/2021, EBA/GL/2020/07, EBA/GL/2020/12, EBA/ITS/2021/07 and EBA/ITS/2022/01		**Pillar III as at 31/12/22**	
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	Table 3.1 Table 3.2 Table 3.3
EU KM1	Quantitative	Section 4 - Capital adequacy	
IFRS9-FL	Qualitative/ Quantitative		
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	
EU LIQ1 EU LIQ2 EU LIQA* EU LIQB*	Qualitative/ quantitative	Section 6 – Liquidity risk	

Regulation (EU) 637/2021, EBA/GL/2020/07, EBA/GL/2020/12, EBA/ITS/2021/07 and EBA/ITS/2022/01		**Pillar III as at 31/12/22**	
Templates	**Type of disclosure**	**Section (qualitative/quantitative information)**	**Tables (additional quantitative disclosure)**
EU CRA* EU CRB* EU CR1 EU CR1-A EU CR2 EU CR2a (N/A)** EU CQ1 EU CQ2 (N/A)** EU CQ3* EU CQ4 EU CQ5 EU CQ6 (N/A)** EU CQ7 EU CQ8 (N/A)** Table1*** Table2 Table3 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 AIRB method	Table 7.3.1
Table 1 Table 2 Table 3 Template 1 Template 2 Template 4 Template 5 Template 10	Qualitative/ quantitative	Section 8 – ESG risks	Template 5.1
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	

Regulation (EU) 637/2021, EBA/GL/2020/07, EBA/GL/2020/12, EBA/ITS/2021/07 and EBA/ITS/2022/01		Pillar III as at 31/12/22	
Templates	**Type of disclosure**	**Section (qualitative/quantitative information)**	**Tables (additional quantitative disclosure)**
EU CR3 EU CRC*	Qualitative/ quantitative	Section 11 - Risk mitigation techniques	
EU-SEC1 EU-SEC2 EU-SEC3 EU-SEC4 EU-SEC5 (N/A) EU-SECA*	Qualitative/ quantitative	Section 12 - Securitizations	
		Section 13 - Exposures to equities: information on banking book position	Table 14.1 Table 14.2
EU IRRBBA EU IRRBB1	Qualitative/ quantitative	Section 14 - Interest rate risk on banking book positions	Table 15.1
EU MR1 EU MRA* EU MRB (N/A) EU MR2-A (N/A) EU MR2-B (N/A) EU MR3 (N/A) EU MR4 (N/A) EU PV1*	Qualitative/ quantitative	Section 15 - Market risk	Table 16.1 Table 16.2 Table 16.3

* Annual tables.
** Not applicable to the Mediobanca Group as at 31 December 2022 due to NPL ratio < 5%.
*** Not applicable to the Mediobanca Group as at 31 December 2022 due to the absence of EBA compliant moratoria outstanding.

Section 1 – General disclosure requirement

Qualitative information

1.1 Description of risk governance organization

The Mediobanca Group has equipped itself with 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.

Please refer to the contents of Basel III Pillar III - Disclosure to the Public as at 30 June 2022 for further details.

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.

Please refer to the contents of Basel III Pillar III – Disclosure to the Public as at 30 June 2022 for further details.

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 CET equity and off-balance-sheet exposures). The minimum regulatory limit introduced by CRR II (in line with the guidance previously issued by the Basel Committee) is 3%.

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. The Group Legal Entities are involved in the liquidity management process via the local units which operate within the limits set by the guidelines issued at parent company level.

Further information on liquidity risk is shown in Section 6.

Credit risk

With reference to the authorization process to use AIRB models in order to calculate the regulatory capital requirements for credit risk, the Group has been authorized by the supervisory authorities to calculate its capital requirements using its own internal rating system (based on the Probability of Default and Loss Given Default indicators) for the Mediobanca and Mediobanca International corporate loan books and for the CheBanca! Italian mortgage loan book. As an integral part of this process, in accordance with the regulatory provisions in force on prudential requirements for credit institutions (Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 – the "CRR"), the Group has compiled a roll-out plan for the gradual adoption of the internal models for the various credit exposures (the "Roll-Out Plan"). During the last financial year, once Compass had completed the execution stage of a project to develop its own rating system for Consumer Finance exposures, the bank submitted the Application Package to the supervisory authority, and expects to receive authorization within the next few quarters. The model for corporate exposures in the factoring business carried out by MBFACTA is in the process of being developed, for which an application is expected to be submitted by year-end 2023. Following the completion of the Internal Model Investigation (IMI) for the Large Corporate portfolio, which introduced a limitation on the LGD model since September 2022, by instituting a floor at 45% for the performing portfolio (with an additional burden in terms of RWAs of around €1.5bn, representing approx. 45 bps of CET1 ratio, the impact of which is expected to reduce with the launch of Basel IV, plus the new LGD Foundation parameter set at 40%, to be introduced starting from 1 January 2025), an application will be submitted to the supervisory authority in the course of 2023 to change the internal modelling used for the Mediobanca and Mediobanca International corporate loan books, with the aim of addressing the issues outstanding.

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 for credit risk used for management purposes. Furthermore, a fourth ECAI – Modefinance – has been used for the standard corporate portfolio risk, in addition to the ratings provided by Standard & Poor's, Moody's and Fitch.

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

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

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 give disclosure to the public and to creditors on the ranking of the assets committed by the Bank and therefore unavailable, 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 each individual counterparty, the Group applies the "Standardized Approach for Counterparty Credit Risk" methodology (SA – CCR) provided for in Articles 271ff of CRR II, which came into force on 30 June 2021, also applying the exemption from the obligation to calculate the CVA for exposures to corporate counterparties, in accordance with the provisions of Article 382 of the CRR.

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 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, staff and IT systems, human error or external events.

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

The Group Non-Financial Risks Committee, with duties of addressing, monitoring and mitigating non-financial risks (including IT risk, fraud risk, outsourcing risk, legal risk, and reputational risk), and the Conduct Committee (for the administration, governance and approval of conduct risks at Group level) are responsible for risk governance.

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

The processes of identifying, assessing, collecting and analysing loss data and monitoring operational risks are defined and implemented on the basis of the Operational risk management policy adopted at Group level and applied in accordance with the principle of proportionality in Mediobanca S.p.A. and the individual Group Legal Entities. The evidence obtained shows that mitigation actions for the most significant operational risks have been proposed, implemented and monitored continuously.

Since the reference date for this disclosure – on 2 February 2023 – the Bank was informed of an instance of fraud committed against one of the Mediobanca Group's Private Banking clients. Action was taken immediately to recover the sums lost and enquiries were launched in order to ascertain the Group's liabilities, if any, and in which case to quantify any theoretical damages or losses.

Interest rate risk on the banking book

This is defined as the 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 of parallel and simultaneous shocks in the interest rate curve on current earnings. 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 Basel Committee guidelines (BCBS) at minus 1% on the demand maturity with linear progression up to 0% at the twenty-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).

It should be noted that the RAF limit on net interest income sensitivity has been breached temporarily, as a result of which the Bank has already taken action to bring the sensitivity back within the limit concerned. For further details reference is made to Section 14, which contains further information on interest rate risk.

Further information on interest rate risk is shown in Section 14.

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. In calculating the interest rate risk on the trading book, the Group applies the "duration based approach" (pursuant to Article 340 of the CRR), which is more closely aligned with the future regulatory provisions (FRTB), and more in line with the methods used for managing and hedging the portfolio by the traders, as it is based on sensitivities to interest rates.

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

The operating exposure to market risks generated by the positions held as part of the trading book is measured and monitored, and the earnings results from trading are calculated, 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.); 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 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 monitored daily through VaR and sensitivity, to ensure that the operating limits approved to reflect the risk appetite established by the Bank for its trading book, are complied with. In the case of VaR they also serve to assess the model's resilience through back-testing. 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 15.

Concentration risk

Concentration risk is defined as the risk deriving from a concentration of exposures to individual counterparties or groups of counterparties ("single name concentration risk") or to counterparties operating in the same economic sector or which operate in the same business or belong to the same geographical area (geographical/sector concentration risk).[3] As with capital adequacy, compliance with the concentration limit is also monitored at all times, both at Group level and individually for the separate Group legal entities. In particular, when new transactions are approved, the attention of the approving body is always brought to the impact of the proposed deal on the aggregate regulatory exposure to the group to which the client belongs, ensuring that the concentration limit is met at all times.

Other risks

As part of the process of assessing the current and future capital required to perform banking operations (ICAAP), the Group has identified the following risks, in addition to those described above (credit and counterparty risk, market risk, interest rate risk, liquidity risk and operational risk), as significant:

— Concentration risk, defined as the risk deriving from the concentration of exposures to individual counterparties or groups of related counterparties ("single-name" concentration risk) and to counterparties operating in the same economic sector or that perform the same activity or operate in the same geographical area (geographical/sector concentration risk);

— 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

3 With reference to concentration risk versus individual counterparties or groups of related counterparties, starting from 30 June 2021, the new rule introduced by CRR II has reduced the limit to 25% of CET1 capital only (rather than eligible capital, as was previously the case, which for the Mediobanca Group was equivalent to total capital). Net of the Assicurazioni Generali investment, the excess share of which is deducted, the new limit is still comfortably met, and will continue to be, even in view of future estimates regarding the exposures.

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;
- 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, Planning and Control, Compliance, and Group Audit) and by specific management committees.

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

During the six months under review, the PD and LGD AIRB models for the Mediobanca Large Corporate segment were revised following the completion of the Internal Model Investigation (IMI) for the Large Corporate portfolio, which introduced a limitation on the LGD model through a floor set at 45% of the performing. This led to an additional burden in terms of RWAs of around €1.5bn (representing approx. 45 bps of the CET1 ratio), the impact of which is expected to reduce as a result of the application to change the internal modelling used (expected to be submitted in the course of 2023), or with the introduction of Basel IV and the new LGD Foundation parameter of 40% (due to come into force on 1 January 2025).

At the same time, in accordance with the provisions of Commission Delegated Regulation (EU) 2022/954 of 12 May 2022,[4] and so as not to create disincentives for banks to proceed with the disposal of non-performing assets, a weighting factor of 100% has been applied to the NPLs acquired, instead of the previous 150%, as the provisioning level is above 20% (in accordance with Article 127 of the CRR), adding approx. 5 bps to the CET1 ratio (RWAs of €170m).

4 Commission Delegated Regulation (EU) 2022/954 of 12 May 2022 amending the regulatory technical standards laid down in Delegated Regulation (EU No. 183/2014 as regards the specification of the calculation of specific and general credit risk adjustments.

Finally, it should also be noted that since 31 December 2022, a fourth ECAI – Modefinance – has been used for the standard corporate portfolio risk, in addition to the ratings provided by Standard & Poor's, Moody's and Fitch. This has entailed an approx. 5 bps benefit for the CET ratio (€130m less of RWAs than a standard 100% weighting), for the factoring and leasing portfolios in particular. For further details please refer to section 7.2.

The Group has not taken up the option to extend the phase-in regime for the higher adjustments under IFRS 9, the sterilization of valuation reserves for government securities, or the exclusion of certain exposures to central banks for purposes of calculating the leverage ratio.[5]

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

Section 2 – Scope of application

Qualitative information

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

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

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

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

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; as for the Group's investment in Assicurazioni Generali, which is equity-accounted, following authorization by the ECB, the temporary regime introduced by Article 471 of Regulation (EU) no. 575/2013 as amended ("CRR II", the effectiveness of which has recently been extended until 31 December 2024)[6] is applied, which allows own funds instruments issued by insurance companies to be weighted at 370%, rather than deducted from CET equity, while complying with the concentration limit set (otherwise known as the "Danish Compromise").

6 Application of Article 471 is limited to the book value recorded in December 2012 and compliance with the concentration limit towards the insurance group.

Quantitative information

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

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

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

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

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

	a	b	c	d	e	f	g	h
			Method of regulatory consolidation					
ID	Name of the entity	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
33	*SPAFID TRUST S.R.L.*	*Full consolidation*	x					*Financial corporations other than credit institutions*
34	*MEDIOBANCA MANAGEMENT COMPANY S.A.*	*Full consolidation*	x					*Financial corporations other than credit institutions*
35	*MEDIOBANCA SGR S.P.A.*	*Full consolidation*	x					*Financial corporations other than credit institutions*
36	*RAM ACTIVE INVESTMENTS S.A.*	*Full consolidation*	x					*Financial corporations other than credit institutions*
37	*RAM ACTIVE INVESTMENTS (LUXEMBOURG) S.A.*	*Full consolidation*	x					*Financial corporations other than credit institutions*
38	*MESSIER ET ASSOCIES S.A.S.*	*Full consolidation*	x					*Financial corporations other than credit institutions*
39	*MESSIER ET ASSOCIES L.L.C.*	*Full consolidation*	x					*Financial corporations other than credit institutions*
40	*MBCONTACT SOLUTIONS S.R.L.*	*Full consolidation*			x			*Non-financial corporations*
41	*COMPASS RENT S.R.L.*	*Full consolidation*			x			*Non-financial corporations*
42	*COMPASS LINK S.R.L.*	*Full consolidation*	x					*Financial corporations other than credit institutions*
43	*RAM ACTIVE INVESTMENTS LIMITED (UK) (non operativa)*	*Full consolidation*	x					*Financial corporations other than credit institutions*
44	*CMB REAL ESTATE DEVELOPMENT S.A.M.*	*Full consolidation*	x					*Financial corporations other than credit institutions*
45	*REVALEA S.P.A.*	*Full consolidation*	x					*Financial corporations other than credit institutions*
46	*SOISY S.P.A.*	*Full consolidation*	x					*Financial corporations other than credit institutions*
47	*MB INV AG S.R.L.*	*Full consolidation*	x					*Financial corporations other than credit institutions*

Section 3 – Composition of regulatory capital

Qualitative information

The Mediobanca Group has always been distinguished by its strong capital strength, with ratios consistently above the regulatory thresholds, as shown by the excellent results achieved in the stress testing exercises carried out by the regulator in recent years, by the comfortable margin identified by the Internal Capital Adequacy Assessment Process (ICAAP), and by the assessment performed by the supervisory authority as part of the SREP process.

Since 1 January 2023 the Mediobanca Group has been required to maintain a CET1 ratio of 7.95% on a consolidated basis, including 2.50% by way of capital conservation buffer and 0.95% as the additional Pillar 2 requirement ("P2R"), i.e. 56.25% of the 1.68% required at the Overall Capital Requirement (OCR) level, which is 12.18% (CET ratio 9.76%).[7] The SREP 2022 Decision also includes an increase of 10 bps due exclusively to application of calendar provisioning for the stock of non-performing loans outstanding at 31 December 2021 and originated prior to 26 April 2019, for which the Group has initiated a deleveraging process.

Common Equity Tier 1 (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 for the period (€555.1m), net of the dividend accrual for 1H (€388.6m, corresponding to a payout ratio of 70%), and reflects a negative contribution from the FVOCI financial assets reserve, which amounted to minus €824m, with €915.4m being due to the equity-consolidated Assicurazioni General investment (entirely absorbed by the higher deductions).

The deductions regard:

- Treasury shares as to €80.4m, used in connection with the performance share schemes, after part of the shares repurchased under the terms of the last buyback scheme were cancelled;
- Intangible assets of €179.6m and goodwill of €622.7m;
- Prudential adjustments to the valuation of financial instruments (AVA and DVA) amounting to €80.3m, higher than last year (€68.6m) due to the changes in valuations of financial instruments, plus the trend in gains and losses on liabilities due to the evolution of the entity's credit quality;

7 The requirements include the countercyclical capital buffer as at 31 December 2022 of 0.05%.

— Holdings in Assicurazioni Generali (the share not covered by Article 471) worth a total of €202.8m (the sharp reduction reflects the valuation reserve's performance, which cut the book value of the investment by over €1bn).

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

Tier 2 capital includes subordinated liabilities, which decreased in the six months, from €911.8m to €782.6m, due exclusively to amortization for the period (€129.2m). 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 €103.8m; the value included in the calculation, €80.0m, increased during the six months (by €11.7m) due to the higher exposures, being able to fully include the amount corresponding to the regulatory limit which is 0.6% of the amounts of the risk-weighted exposures calculated using advanced models; cf. Article 159 of the CRR).

Quantitative information

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

		12/31/2022		06/30/2022	
		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	2,639,760	160.Share premium accounts 170. Share capital	2,639,246	160.Share premium accounts 170. Share capital
	of which: ordinary shares	2,639,760		2,639,246	
2	Retained earnings	7,075,117	150. Reserves	6,908,259	150. Reserves
3	Accumulated other comprehensive income (and other reserves)	(586,682)	120. Valuation reserves	433,591	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)	39,274	190. Minority shareholders' equity (+/-)	40,671	190. Minority shareholders' equity (+/-)
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	168,604	200. Profit (Loss) for the period	280,490	200. Profit (Loss) for the period
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**9,336,072**		**10,302,257**	

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

		12/31/2022		06/30/2022	
		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)	(68,029)		(60,533)	
8	Intangible assets (net of related tax liability) (negative amount)	(802,302)	100. Intangible assets – 70. Liabilities included in disposal groups classified as held for sale (*)	(797,737)	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)	(1,347)	110. Tax assets	(1,243)	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	(234,769)		(132,368)	
12	Negative amounts resulting from the calculation of expected loss amounts	—		—	
13	Any increase in equity that results from securitised assets (negative amount)	—		—	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	—		—	
15	Defined-benefit pension fund assets (negative amount)	—		—	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	(80,352)	180. Treasury shares (-)	(240,807)	180. Treasury shares (-)
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	—		—	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	—		—	

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

		12/31/2022		06/30/2022	
		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)	(1,573,120)	70. Equity investments	(2,483,873)	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	—		—	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	—		—	
EU-20c	of which: securitisation positions (negative amount)	—		—	
EU-20d	of which: free deliveries (negative amount)	—		—	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	—	110. Tax assets	—	110. Tax assets
22	Amount exceeding the 17,65% threshold (negative amount)	(1,547)		(96,222)	
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*	(1,277)	70. Equity investments	(81,598)	70. Equity investments
25	*of which: deferred tax assets arising from temporary differences*	(270)	110. Tax assets	(14,624)	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 adjusments	1,377,986		1,404,859	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**(1,383,481)**		**(2,407,924)**	
29	**Common Equity Tier 1 (CET1) capital**	**7,952,591**		**7,894,334**	

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

		12/31/2022		06/30/2022	
		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)**	**7,952,591**		**7,894,334**	

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

		12/31/2022		06/30/2022	
		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	782,634	10. Financial liabilities at amortised cost	911,822	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	80,032		68,343	
51	**Tier 2 (T2) capital before regulatory adjustments**	**862,666**		**980,164**	
	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)	—		(69)	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	—		—	
EU-56b	Other regulatory adjusments to T2 capital	—		—	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**—**		**(69)**	
58	**Tier 2 (T2) capital**	**862,666**		**980,096**	
59	**Total capital (TC = T1 + T2)**	**8,815,257**		**8,874,429**	
60	**Total risk exposure amount**	**52,573,562**		**50,377,953**	

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

		12/31/2022		06/30/2022	
		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)	15.1266 %		15.6702 %	
62	Tier 1 (as a percentage of total risk exposure amount)	15.1266 %		15.6702 %	
63	Total capital (as a percentage of total risk exposure amount)	16.7675 %		17.6157 %	
64	Institution CET1 overall capital requirements	*7.9433 %*		*7.8982 %*	
65	*of which: capital conservation buffer requirement*	*2.5000 %*		*2.5000 %*	
66	*of which: countercyclical buffer requirement*	*0.0546 %*		*0.0105 %*	
67	*of which: systemic risk buffer requirement*	—		—	
EU-67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	—		—	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	*0.8888 %*		*0.8888 %*	
68	**Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)**	**7.1875 %**		**8.0357 %**	
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)	524,353		604,741	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	(1,363,137)		(2,244,907)	
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)	172,252		162,386	

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

		12/31/2022		06/30/2022	
		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 standardised approach (prior to the application of the cap)	—		—	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	403,357		397,593	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	103,830		97,420	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	80,032		68,343	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)					
80	Current cap on CET1 instruments subject to phase out arrangements	—		—	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	—		—	
82	Current cap on AT1 instruments subject to phase out arrangements	—		—	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	—		—	
84	Current cap on T2 instruments subject to phase out arrangements	—		—	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	—		—	

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

	12/31/2022		
	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 clases according to the balance sheet in the published financial statements			
10. Cash and cash equivalents	10,409	10,403	
20. Financial assets at fair value through profit or loss	9,843	9,843	
30. Financial assets at fair value through other comprehensive income	4,128	4,128	
40. Financial assets at amortised cost	62,667	62,368	
50. Hedging derivatives	1,428	1,428	
60. Change in value of macro-hedged financial assets	—	—	
70. Equity investments	2,266	2,423	19, 23
80. Reinsurers' share of technical reserves	—	—	
90. Property, plant and equipment	530	529	
100. Intangible assets	841	841	8
of which: goodwill	*623*	*623*	
110. Tax assets	660	660	10, 21, 25
120. Non-current assets and disposal groups classified as held for sale	—	—	
130. Other assets	966	945	
Total assets	**93,738**	**93,568**	

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

	12/31/2022		
	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 clases according to the balance sheet in the published financial statements			
10. Financial liabilities at amortised cost	69,455	69,458	46
20. Financial liabilities held for trading	9,534	9,534	
30. Financial liabilities designated at fair value	1,072	1,072	
40. Hedging derivatives	2,134	2,134	
50. Change in value of macro-hedged financial liabilities	—	—	
60. Tax liabilities	660	622	8
70. Liabilities included in disposal groups classified as held for sale	—	—	
80. Other liabilities	898	878	
90. Provision for employee severance pay	21	21	
100. Provisions for risks and charges	143	143	
110. Technical reserves	115	—	
120. Valuation reserves	(587)	(587)	3
130. Redeemable shares	—	—	
140. Equity	—	—	
150. Reserves	7,075	7,075	2
160.Share premium accounts	2,196	2,196	1
170. Share capital	444	444	1
180. Treasury shares (-)	(80)	(80)	16
190. Minority shareholders' equity (+/-)	103	103	5,34,48
200. Profit (Loss) for the period	555	555	5a,25a
Total liabilities and shareholders' equity	**93,738**	**93,568**	

Table 3.1 Prudential treatment of investments in insurance companies

The table below shows the prudential treatment of the Assicurazioni Generali investment based on Article 471 of the CRR, which 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 are adequate risk controls.

The authorization received from the ECB to apply Article 471 is still subject to compliance with the concentration limit,[8] i.e. the 370% weighting applies only to the share of the investment which is not deducted, as it does not exceed the concentration limit. The remainder exceeding this limit is deducted from regulatory capital.

In view of EBA 2020_5664 Q&A, Article 471 rules out the adoption of Article 48 of CRR, so the entire portion not deducted is weighted at 370%.

	12/31/2022		06/30/2022	
	Exposure	RWA	Exposure	RWA
Common Equity Tier 1 instruments of financial sector entities in which the institution has a significant investment	**2,175,391**		**3,069,391**	
of which deducted from own funds	202,819		1,206,689	
of which not deducted from own funds	1,972,572	7,298,516	1,862,703	6,892,000
of which 370%	1,972,572	7,298,516	1,862,703	6,892,000
of which 250%				

Table 3.2 – List of subordinated issues included in regulatory capital

Security issued	ISIN	Currency	12/31/2022		06/30/2022	
			Nominal value	Calculated value	Nominal value	Calculated value
MB Subordinato 1.957% 2029	XS1579416741	EUR	499,893	28,758	499,909	78,041
MB SUBORDINATO 2.3% 2030	XS2262077675	EUR	499,442	263,294	499,271	312,889
MB SUBORDINATO 3.75% 2026	IT0005188351	EUR	300,337	201,327	299,031	231,023
MB SUBORDINATO TV con min 3% 2025	IT0005127508	EUR	50,000	48,504	50,000	48,501
MB SUBORDINATO5,75% 2023	IT0004917842	EUR	249,154	240,751	249,250	241,368
Total subordinated debt securities			**1,598,826**	**782,634**	**1,597,461**	**911,822**

8 Concentration limit equal to 25% of CET1 capital rather than eligible capital.

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 propensity as well as with 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.[9]

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

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

9 The most recent stress testing exercise confirmed the Group's solidity, reflecting an adverse impact on CET1 fully loaded of 478 bps, in line with other EU Banks and one of the lowest levels among Italian banks.

Quantitative information

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

		a	b
		12/31/2022	09/30/2022
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1) capital	7,952,591	7,772,263
2	Tier 1 capital	7,952,591	7,772,263
3	Total capital	8,815,257	8,700,388
Risk-weighted exposure (amounts)			
4	Total risk-weighted exposure amount	52,573,562	51,941,615
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	15.1266 %	14.9635 %
6	Tier 1 ratio (%)	15.1266 %	14.9635 %
7	Total capital ratio (%)	16.7675 %	16.7503 %
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 (%)	1.5800 %	1.5800 %
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.8888 %	0.8888 %
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.1850 %	1.1850 %
EU 7d	Total SREP own funds requirements (%)	9.5800 %	9.5800 %
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 (%)	0.0546 %	0.0143 %
EU 9a	Systemic risk buffer (%)	—	—
10	Global Systemically Important Institution buffer (%)	—	—
EU 10a	Other Systemically Important Institution buffer	—	—
11	Combined buffer requirement (%)	2.5546 %	2.5143 %
EU 11a	Overall capital requirements (%)	12.1346 %	12.0943 %
12	CET1 available after meeting the total SREP own funds requirements (%)	7.1875 %	7.1703 %
Leverage ratio			
13	Leverage ratio total exposure measure	97,091,818	94,732,558
14	Leverage ratio	8.1908 %	8.2044 %
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)	8,538,573	7,675,732
EU 16a	Cash outflows - Total weighted value	8,908,444	8,763,037
EU 16b	Cash inflows - Total weighted value	3,467,424	3,708,220
16	Total net cash outflows (adjusted value)	5,441,019	5,054,816
17	Liquidity coverage ratio (%)	156.5643%	152.0742%
Net Stable Funding Ratio			
18	Total available stable funding	63,687,682	62,533,883
19	Total required stable funding	54,622,821	54,841,752
20	NSFR ratio (%)	116.5954%	114.0260%

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

		c	d	e
		06/30/2022	03/31/2022	12/31/2021
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	7,894,334	7,525,655	7,352,372
2	Tier 1 capital	7,894,334	7,525,655	7,352,372
3	Total capital	8,874,429	8,569,605	8,457,911
Risk-weighted exposure (amounts)				
4	Total risk-weighted exposure amount	50,377,953	49,624,684	47,842,189
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	15.6702 %	15.1651 %	15.3680 %
6	Tier 1 ratio (%)	15.6702 %	15.1651 %	15.3680 %
7	Total capital ratio (%)	17.6157 %	17.2688 %	17.6788 %
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 (%)	1.5800 %	1.5800 %	1.2500 %
EU 7b	of which: to be made up of CET1 capital (percentage points)	0.8888 %	0.8888 %	0.7031 %
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.1850 %	1.1850 %	0.9375 %
EU 7d	Total SREP own funds requirements (%)	9.5800 %	9.5800 %	9.2500 %
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 (%)	0.0105 %	0.0091 %	0.0094 %
EU 9a	Systemic risk buffer (%)	—	—	—
10	Global Systemically Important Institution buffer (%)	—	—	—
EU 10a	Other Systemically Important Institution buffer	—	—	—
11	Combined buffer requirement (%)	2.5105 %	2.5091 %	2.5094 %
EU 11a	Overall capital requirements (%)	12.0895 %	12.0891 %	11.7594 %
12	CET1 available after meeting the total SREP own funds requirements (%)	8.0357 %	7.2673%	7.6554 %
Leverage ratio				
13	Leverage ratio total exposure measure	94,489,799	89,759,946	89,138,495
14	Leverage ratio	8.3547 %	8.3842 %	8.2483 %
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)	7,321,186	7,220,701	7,630,084
EU 16a	Cash outflows - Total weighted value	8,540,162	8,198,835	8,067,987
EU 16b	Cash inflows - Total weighted value	3,709,129	3,471,268	3,104,536
16	Total net cash outflows (adjusted value)	4,831,033	4,727,567	4,963,451
17	Liquidity coverage ratio (%)	151.8353%	153.1799%	154.0314%
Net Stable Funding Ratio				
18	Total available stable funding	64,024,588	62,705,795	61,997,597
19	Total required stable funding	55,422,760	56,454,021	56,529,805
20	NSFR ratio (%)	115.5204%	111.0741%	109.6724%

Temp. EU IFRS9 - FL - Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR (1/2)

		12/31/2022	09/30/2022	06/30/2022	03/31/2022	12/31/2021
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1) capital	7,952,591	7,772,263	7,894,334	7,525,655	7,352,372
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,925,787	7,745,460	7,840,726	7,472,048	7,298,272
2a	CET1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	7,952,591	7,772,263	7,894,334	7,525,655	7,352,372
3	Tier 1 capital	7,952,591	7,772,263	7,894,334	7,525,655	7,352,372
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,925,787	7,745,460	7,840,726	7,472,048	7,298,272
4a	Tier 1 capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	7,952,591	7,772,263	7,894,334	7,525,655	7,352,372
5	Total capital	8,815,257	8,700,388	8,874,429	8,569,605	8,457,911
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8,788,453	8,673,585	8,820,822	8,515,997	8,403,810
6a	Total capital as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	8,815,257	8,700,388	8,874,429	8,569,605	8,457,911
	Risk-weighted assets (amounts)					
7	Total risk-weighted assets	52,573,562	51,941,615	50,377,953	49,624,684	47,842,189
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	52,548,769	51,916,825	50,328,366	49,575,098	47,790,779
	Capital ratios					
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	15.1266 %	14.9635 %	15.6702 %	15.1651 %	15.3680 %
10	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.0827 %	14.9190 %	15.5791 %	15.0722 %	15.2713 %

Temp. EU IFRS9 - FL - Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR (2/2)

		12/31/2022	09/30/2022	06/30/2022	03/31/2022	12/31/2021
	Capital ratios					
10a	CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	15.1266 %	14.9635 %	15.6702 %	15.1651 %	15.3680 %
11	Tier 1 (as a percentage of risk exposure amount)	15.1266 %	14.9635 %	15.6702 %	15.1651 %	15.3680 %
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.0827 %	14.9190 %	15.5791 %	15.0722 %	15.2713 %
12a	Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	15.1266 %	14.9635 %	15.6702 %	15.1651 %	15.3680 %
13	Total capital (as a percentage of risk exposure amount)	16.7675 %	16.7503 %	17.6157 %	17.2688 %	17.6788 %
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.7244 %	16.7067 %	17.5265 %	17.1780 %	17.5846 %
14a	Total capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	16.7675 %	16.7503 %	17.6157 %	17.2688 %	17.6788 %
	Leverage ratio					
15	Leverage ratio total exposure measure	97,091,818	94,732,558	94,489,799	89,759,946	89,138,495
16	Leverage ratio	8.1908 %	8.2044 %	8.3547 %	8.3842 %	8.2483 %
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	8.1632 %	8.1761 %	8.2980 %	8.3245 %	8.1876 %
17a	Leverage ratio as if the temporary treatment of unrealised gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	8.1908 %	8.2044 %	8.3547 %	8.3842 %	8.2483 %

The Common Equity Ratio – the Group's Common Equity Ratio, calculated as tier 1 capital as a percentage of total risk-weighted assets, amounted to 15.13%, approx. 55 bps lower than last year (15.67%); due to the effects of the Internal Model Investigation (IMI) on the Mediobanca Large Corporate model (which accounted for approx. 45 bps), absorbed by certain optimization measures, including the addition of a new ECA plus the NPL exposures being weighted at 100%

(together these two measures added 20 bps); retained earnings for the period (which added 34 bps) offset the organic growth (which accounted for approx. 30 bps, corresponding to around €1bn in RWAs split between Wholesale Banking, Consumer Finance, and retail mortgages), and the reduced deductions for the Assicurazioni Generali investment (which accounted for 34 bps) related to the dividend not yet distributed.

The Total Capital Ratio decreased from 17.62% to 16.77%, for the reasons already described with reference to the change in the CET1 ratio, and also due to prudential amortization of the Tier 2 instruments.

The ratios fully loaded, without application of the Danish Compromise, i.e. with the Assicurazioni Generali stake fully deducted (which accounted for 106 bps, equal to €1,365.1m), and with full application of the IFRS 9 effect (accounting for 4 bps, or €26.8m), were 14.03% (CET1 ratio) and 15.87% (Total Capital Ratio), lower than at end-June 2022 (14.50% and 16.69% respectively).

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

		RWA		Capital requirements
		a	b	c
		12/31/2022	09/30/2022	12/31/2022
1	Credit risk (excluding CCR)	44,008,760	43,104,622	3,520,701
2	of which the standardised approach	30,899,148	29,944,244	2,471,932
3	of which the foundation IRB (FIRB) approach	—	—	—
4	of which: slotting approach	—	—	—
EU 4a	of which: equities under the simple riskweighted approach	—	—	—
5	of which the advanced IRB (AIRB) approach	13,109,612	13,160,378	1,048,769
6	Counterparty credit risk - CCR	1,977,903	2,186,037	158,232
7	of which the standardised approach	577,079	860,995	46,166
8	of which internal model method (IMM)	—	—	—
EU 8a	of which exposures to a CCP	5,320	10,849	426
EU 8b	of which credit valuation adjustment - CVA	376,659	380,459	30,133
9	of which other CCR	1,018,845	933,734	81,508
15	Settlement risk	—	—	—
16	Securitisation exposures in the non-trading book (after the cap)	92,194	99,969	7,376
17	of which SEC-IRBA approach	—	—	—
18	of which SEC-ERBA (including IAA)	34,498	26,727	2,760
19	of which SEC-SA approach	57,696	73,242	4,616
EU 19a	of which 1250%	—	—	—
20	Position, foreign exchange and commodities risks (Market risk)	2,225,519	2,281,800	178,041
21	of which the standardised approach	2,225,519	2,281,800	178,041
22	of which IMA	—	—	—
EU 22a	Large exposures	—	—	—
23	Operational risk	4,269,186	4,269,186	341,535
EU 23a	of which basic indicator approach	4,269,186	4,269,186	341,535
EU 23b	of which standardised approach	—	—	—
EU 23c	of which advanced measurement approach	—	—	—
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	958,781	1,096,572	76,702
29	**Total**	**52,573,562**	**51,941,615**	**4,205,885**

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

Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (1/2)

	A	b	c	d	e	f
	Exposures in the banking book		Exposures in the trading book		Exposures in securitisation	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	24,457,264	21,656,479	173,442	—	312,574	46,599,759
United Arab Emirates	30,602	—	—	—	—	30,602
Australia	4,378	—	—	—	—	4,378
Austria	12,894	44,126	—	—	—	57,020
Belgium	27,324	52,411	10	—	—	79,745
Bulgaria	160	—	—	—	—	160
Canada	20,430	72,949	1,226	—	—	94,605
China	6,698	—	—	—	—	6,698
Denmark	3,580	14,600	16	—	—	18,195
Ethiopia	42	—	—	—	—	42
Finland	821	—	12	—	—	832
France	587,484	2,151,036	41,658	—	—	2,780,178
Germany	485,091	524,385	23,102	—	—	1,032,579
Japan	1,032	—	6	—	—	1,038
Greece	20,511	—	—	—	—	20,511
Hong Kong	7,972	56,809	-	—	—	64,781
Ireland	443,688	88,422	31,367	—	—	563,477
Iceland	—	—	—	—	—	—
Cayman Islands	841	—	36	—	—	877
Virgin Islands, British	66,694	70,410	—	—	—	137,104
Liechtenstein	20	75,000	—	—	—	75,020
Luxembourg	348,687	767,296	2,159	—	—	1,118,142
Mexico	98,547	10,071	—	—	—	108,618
Monaco	800,842	69,587	38	—	—	870,466
Norway	4,077	—	21	—	—	4,098
Netherlands	63,112	772,445	10,521	—	—	846,078
Portugal	37,916	246,590	—	—	—	284,506
United Kingdom	1,801,302	806,013	34,219	—	—	2,641,534
Romania	100,068	—	—	—	—	100,068
Russian federation	41,865	—	—	—	—	41,865
Singapore	2	11,496	—	—	—	11,498
Spain	503,228	1,391,774	4,898	—	—	1,899,900
Sweden	12,346	70,876	247	—	—	83,470
Switzerland	76,739	76,064	5,334	—	—	158,137
Turkey	4,859	17,621	—	—	—	22,480
United states	238,315	1,787,276	588,550	—	—	2,614,141
Other Countries	426,390	608,143	2,638	—	—	1,037,171
Total	**30,735,818**	**31,441,881**	**919,497**	**—**	**312,574**	**63,409,771**

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: securitisation positions in the banking book	Total			
Italy	2,632,287	15,023	7,376	2,654,686	33,183,571	75.0400%	—
United Arab Emirates	2,444	—	—	2,444	30,554	0.0691%	—
Australia	217	—	—	217	2,709	0.0061%	—
Austria	1,967	—	—	1,967	24,589	0.0556%	—
Belgium	4,657	1	—	4,658	58,220	0.1317%	—
Bulgaria	9	—	—	9	109	0.0002%	1.0000%
Canada	6,805	98	—	6,903	86,288	0.1951%	—
China	506	—	—	506	6,322	0.0143%	—
Denmark	694	1	—	695	8,693	0.0197%	2.0000%
Ethiopia	3	—	—	3	42	0.0001%	—
Finland	61	1	—	62	769	0.0017%	—
France	127,114	653	—	127,767	1,597,085	3.6116%	—
Germany	61,787	1,442	—	63,229	790,359	1.7873%	—
Japan	82	—	—	83	1,034	0.0023%	—
Greece	1,638	—	—	1,638	20,470	0.0463%	—
Hong Kong	1,369	—	—	1,369	17,109	0.0387%	1.0000%
Ireland	27,821	3,585	—	31,406	392,571	0.8877%	—
Iceland	—	—	—	—	1	0.0000%	2.0000%
Cayman Islands	67	3	—	70	870	0.0020%	—
Virgin Islands, British	5,653	—	—	5,653	70,663	0.1598%	—
Liechtenstein	1,705	—	—	1,705	21,318	0.0482%	—
Luxembourg	76,250	173	—	76,422	955,281	2.1602%	0.5000%
Mexico	5,054	—	—	5,054	63,170	0.1429%	—
Monaco	37,152	—	—	37,152	464,405	1.0502%	—
Norway	395	2	—	397	4,958	0.0112%	2.0000%
Netherlands	40,096	550	—	40,646	508,076	1.1489%	—
Portugal	12,920	—	—	12,920	161,496	0.3652%	—
United Kingdom	139,206	884	—	140,090	1,751,127	3.9599%	1.0000%
Romania	6,486	—	—	6,486	81,069	0.1833%	0.5000%
Russian federation	2,690	—	—	2,690	33,619	0.0760%	—
Singapore	382	—	—	382	4,769	0.0108%	—
Spain	94,346	454	—	94,800	1,184,995	2.6797%	—
Sweden	4,576	20	—	4,596	57,444	0.1299%	1.0000%
Switzerland	8,673	273	—	8,946	111,825	0.2529%	—
Turkey	1,510	—	—	1,510	18,878	0.0427%	—
United states	106,402	2,700	—	109,102	1,363,772	3.0840%	—
Other Countries	91,239	199	—	91,437	1,142,967	2.5843%	—
Total	**3,504,260**	**26,060**	**7,376**	**3,537,696**	**44,221,198**	**99.9996%**	

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

		a
1	Total risk exposure amount (RWA)	52,573,562
2	Specific countercyclical coefficient of the institution	0.0546 %
3	**Specific countercyclical capital buffer requirement of the institution**	**28,691**

Section 5 – Financial leverage

Qualitative information

Since 30 June 2021, with the introduction of CRR II, the European Banking Authority (EBA) has stated that calibrating the leverage ratio at 3% is a credible mechanism for any institution. Accordingly, this indicator, introduced by the Basel Committee in 2015 in order to keep down borrowings and reduce excessive recourse to financial leverage in the banking sector, has since become binding minimum requisite.

It is calculated from the ratio between regulatory Tier 1 capital and the Group's overall aggregate exposure, including assets, net of any deductions from Tier 1, and off-balance-sheet exposures with credit conversion factors (CCF) applied to them. Specific treatment is applied for operations in derivatives and SFT, which entails netting against the liability where eligible as part of Credit Risk Mitigation, a specific regulatory add-on for the potential future exposures in derivatives, plus application of the regulatory haircut for securities finance transactions.

The ratio is calculated on a quarterly basis, point-in-time at the end of the three months, on an individual and consolidated basis, is 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. Purely for information purposes, with CRR II coming into force, disclosure must also be made of the average values of exposures in Secured Financial Transactions, as part of prudential reporting, without impacting on the ratio which continues to be calculated as a point-in-time reading.

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

- Exposures to transactions in derivative contracts must be valued using the Standardized Approach for measuring Counterparty Credit Risk exposures (SA-CCR), obtained from 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 from the value of the exposure; 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 for such transactions, whereas cash receivables and payables deriving from such transactions can be netted if certain very strict criteria are met, and providing the transaction are with 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

The tables below show the readings for the Mediobanca Group leverage ratio as at 31 December 2022, 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

		12/31/2022	06/30/2022
		a	b
		Applicable amount	
1	Total assets as per published financial statements	93,737,801	90,414,506
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(169,479)	(180,983)
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	—	—
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))	—	—
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of Article 429a(1) CRR)	—	—
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	—	—
7	Adjustment for eligible cash pooling transactions	—	—
8	Adjustments for derivative financial instruments	(2,251,285)	(1,478,101)
9	Adjustment for securities financing transactions (SFTs)	(167,574)	540,689
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	6,105,925	7,035,436
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)	(180,754)	(78,305)
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	17,183	(1,736,443)
13	**Total exposure measure**	**97,091,818**	**94,489,799**

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

		CRR leverage ratio exposures	
		a	b
		12/31/2022	06/30/2022
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	86,118,685	82,109,348
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	2,125	8,965
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)**	**86,120,810**	**82,118,313**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	1,059,559	1,441,560
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	13,931	11,308
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	1,182,414	1,256,941
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	4,507	4,800
EU-9b	Exposure determined under Original Exposure Method	256	325
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	—	—
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	—	—
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	—	—
11	Adjusted effective notional amount of written credit derivatives	2,647,129	2,199,753
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(2,647,129)	(2,199,753)
13	**Total derivatives exposures**	**2,260,667**	**2,714,934**

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

		CRR leverage ratio exposures	
		12/31/2022	06/30/2022
		a	b
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	3,330,628	2,628,037
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(2,893,482)	(2,227,262)
16	Counterparty credit risk exposure for SFT assets	2,725,908	2,767,950
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**	**3,163,054**	**3,168,726**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	12,846,006	15,253,365
20	(Adjustments for conversion to credit equivalent amounts)	(6,827,650)	(8,510,366)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	—	—
22	**Off-balance sheet exposures**	**6,018,357**	**6,742,999**
	Excluded exposures		
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	(180,754)	(78,305)
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)	(290,316)	(176,867)
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)**	**(471,071)**	**(255,173)**

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

		CRR leverage ratio exposures	
		12/31/2022	06/30/2022
		a	b
	Capital and total exposure measure		
23	**Tier 1 capital**	**7,952,591**	**7,894,334**
24	**Total exposure measure**	**97,091,818**	**94,489,799**
	Leverage ratio		
25	**Leverage ratio (%)**	**8.1908 %**	**8.3547 %**
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	8.1908 %	8.3547 %
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	8.1908 %	8.3547 %
26	Regulatory minimum leverage ratio requirement (%)	3.0000 %	3.0000 %
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	—	—
EU-26b	of which: to be made up of CET1 capital	—	—
27	Leverage ratio buffer requirement (%)	—	—
EU-27a	Overall leverage ratio requirement (%)	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
	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	653,276	1,205,827
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	437,146	400,775
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)	97,307,947	95,294,851
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	97,307,947	95,294,851
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)	8.1726 %	8.2841 %
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)	8.1726 %	8.2841 %

The leverage ratio as at 31 December 2022, calculated in accordance with the provisions of Commission Delegated Regulation 62/2015, and those for defining the measurement of capital (Tier 1 capital with Danish Compromise), was 8.2%, again comfortably above the minimum regulatory limit of 3%. The slight reduction compared to the ratio recorded at 30 June 2022 (8.4%) is due to the increase in deposits with central banks, i.e. exposures to which the exemption does not apply.

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

		12/31/2022	06/30/2022
		a	b
		CRR leverage ratio exposures	
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**85,733,170**	**81,902,733**
EU-2	Trading book exposures	5,551,678	6,533,642
EU-3	Banking book exposures, of which:	80,181,492	75,369,091
EU-4	Covered bonds	55,160	75,230
EU-5	Exposures treated as sovereigns	16,338,515	13,967,962
EU-6	Exposures to regional governments, MDB, international organisations and PSE **not** treated as sovereigns	307,776	353,148
EU-7	Institutions	3,520,643	3,249,572
EU-8	Secured by mortgages of immovable properties	13,144,912	12,435,934
EU-9	Retail exposures	15,222,914	14,834,395
EU-10	Corporates	24,187,056	23,025,184
EU-11	Exposures in default	622,919	751,921
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	6,781,597	6,675,746

Section 6 – Liquidity risk

At 31 December 2022 the LCR stood at 172.4%. The ratio showed limited variability in the early months of the first half-year, peaking towards the end of the period, taking the average reading for the six months to 161%, higher than the annual average figure recorded for the twelve months ended 30 June 2022 (152%). This increase in the annual average compared to the target figure set by the management is due to the strategic pre-funding decision made by Group Treasury, in view of the first partial early repayment of the T-LTRO in December, with others due to follow in the first six months of 2023. In a still uncertain scenario, threatened by geopolitical risks and rising interest rates, Group Treasury has governed highly-liquid assets by seeking to combine commercial strategies with the need to have an adequate instrument in terms of both quantity and quality available at all times. During the six months, the Group has been quick to take the opportunities offered by the market, successfully completing placements of debt securities, and focusing particular attention on funding raised by the Wealth Management Division, which has undergone a transformation process from on-demand accounts to term deposits.

The trend in HQLAs is influenced by the amount of Level 1 assets (as defined in Article 10 of Commission Delegated Regulation (EU) 2015/61), which are used by Group Treasury as the main instrument for controlling and mitigating risk. For the same reason, cashflows related to secured operations always have a significant impact which is variable over time. Furthermore, the main items impacting on outflows are retail and wholesale deposits, plus the potential cash outflows linked to irrevocable credit lines.

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 (Regulation (EU) 2021/637).

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	12/31/2022	09/30/2022	06/30/2022	03/31/2022
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:	20,918	20,697	20,488	20,132
3	*Stable deposits*	12,340	12,392	12,402	12,335
4	*Less stable deposits*	8,320	8,239	8,064	7,767
5	Unsecured wholesale funding	7,376	7,195	6,715	6,212
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	—	—	—	—
7	Non-operational deposits (all counterparties)	6,883	6,709	6,347	5,938
8	Unsecured debt	492	486	368	273
9	Secured wholesale funding				
10	Additional requirements	9,685	9,337	8,979	8,715
11	Outflows related to derivative exposures and other collateral requirements	376	348	335	354
12	Outflows related to loss of funding on debt products	—	—	—	—
13	Credit and liquidity facilities	9,309	8,989	8,644	8,361
14	Other contractual funding	1,964	1,927	2,192	2,293
15	Other contingent funding obligations	4,595	4,563	4,424	4,204
16	**TOTAL CASH OUTFLOWS**				
	CASH – INFLOWS				
17	Secured lending (e,g, reverse repos)	2,780	3,197	3,487	3,522
18	Inflows from fully performing exposures	2,002	1,949	1,921	1,830
19	Other cash inflows	2,158	2,050	1,902	1,777
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)				
EU-19b	(Excess inflows from a related specialised credit institution)				
20	**TOTAL CASH INFLOWS**	**6,940**	**7,196**	**7,310**	**7,129**
EU-20a	*Fully exempt inflows*	—	—	—	—
EU-20b	*Inflows subject to 90% cap*	—	—	—	—
EU-20c	*Inflows subject to 75% cap*	6,807	7,101	7,251	7,078
	TOTAL ADJUSTED VALUE				
EU-21	LIQUIDITY BUFFER				
22	TOTAL NET CASH OUTFLOWS				
23	LIQUIDITY COVERAGE RATIO (%)				

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	12/31/2022	09/30/2022	06/30/2022	03/31/2022
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)**	**8,539**	**7,676**	**7,321**	**7,221**
	CASH - OUTFLOWS				
2	Retail deposits and deposits from small business customers, of which:	1,680	1,679	1,663	1,623
3	*Stable deposits*	617	620	620	617
4	*Less stable deposits*	1,063	1,059	1,043	1,007
5	Unsecured wholesale funding	3,868	3,810	3,574	3,368
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	—	—	—	—
7	Non-operational deposits (all counterparties)	3,376	3,324	3,206	3,095
8	Unsecured debt	492	486	368	273
9	Secured wholesale funding	610	644	617	562
10	Additional requirements	1,814	1,836	1,813	1,856
11	Outflows related to derivative exposures and other collateral requirements	363	316	285	287
12	Outflows related to loss of funding on debt products	—	—	—	—
13	Credit and liquidity facilities	1,452	1,520	1,528	1,569
14	Other contractual funding	565	452	542	470
15	Other contingent funding obligations	371	343	332	319
16	**TOTAL CASH OUTFLOWS**	**8,908**	**8,763**	**8,540**	**8,199**
	CASH – INFLOWS				
17	Secured lending (e.g. reverse repos)	869	1,174	1,286	1,197
18	Inflows from fully performing exposures	1,501	1,460	1,418	1,342
19	Other cash inflows	1,097	1,074	1,005	933
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	—	—	—	—
EU-19b	(Excess inflows from a related specialised credit institution)	—	—	—	—
20	**TOTAL CASH INFLOWS**	**3,467**	**3,708**	**3,709**	**3,471**
EU-20a	*Fully exempt inflows*	—	—	—	—
EU-20b	*Inflows subject to 90% cap*	—	—	—	—
EU-20c	*Inflows subject to 75% cap*	3,467	3,708	3,709	3,471
	TOTAL ADJUSTED VALUE				
EU-21	LIQUIDITY BUFFER	8,539	7,676	7,321	7,221
22	TOTAL NET CASH OUTFLOWS	5,441	5,055	4,831	4,728
23	LIQUIDITY COVERAGE RATIO (%)	156.5643%	152.0742%	151.8353%	153.1799%

Other information on liquidity risk

Misalignment of currencies in calculation of the liquidity coverage ratio

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 31 December 2022, 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, 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.

Exposures in derivatives and potential requests for collateral

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

Concentration of liquidity and funding sources

The adequacy of the structure and cost of funding is guaranteed by continuous diversification. Monitoring takes the form of reports on loan concentration, by product and counterparty. The main sources of funding for the Group consist of: (i) deposits deriving from the domestic retail market; (ii) funding from institutional clients, which is further distinguished between collateralized funding (secured financing transactions, covered bonds and ABS) and un-collateralized funding (debt securities, funds raised through CD/CP, and deposits from institutional clients); (iii) refinancing operations with the Eurosystem.

Description of liquidity reserves

Liquidity reserves are the most effective instrument for mitigating the adverse effects of liquidity risk, which is the main reason why the Mediobanca Group monitors its available liquidity reserves on a continuous basis.

As at 31 December 2022, the counterbalancing capacity totalled €16.5bn, made up as follows: €1.6bn in Level 1 tradable assets, €9.4bn in central bank reserves and bank notes, €4.6bn in ECB eligible assets, and €0.9bn in non-HQLA assets. The figure is higher than at end-June 2022 (€14.7bn). Pre-funding activity has led to an increase in the liquidity reserve, to be used to make the repayments on the T-LTRO scheduled for the six months. The amount of securities eligible to be exchanged in order to be able to obtain cash immediately stands at €7bn. The balance of the collateral held at the ECB is €13bn, approx. €5.1bn of which is immediately available in cash but unused, and accordingly is included in the counterbalancing capacity (the equivalent amounts at end-June 2022 were €13.7bn and €5.3bn respectively). The share of ECB funding (T-LTRO) has reduced from €8.5bn to €8bn. Other assets of relevance to the CBC include debt securities, the stock of which increased from €18.5bn to €20.6bn.

Scope of consolidation (consolidated)	Unencumbered (net of haircuts)	
Currency and units (million Euro)	06.30.2022	12.31.2022
TOTAL GROUP LIQUIDITY RESERVES	**14,697**	**16,516**
Total high-quality liquid assets (HQLA)	**9,027**	**10,995**
Cash and deposits held with central banks (HQLA)	7,316	9,375
Highly liquid securities (HQLA)	1,711	1,620
of which:		
Level 1	1,711	1,615
Level 2	0	5
Other eligible reserves	**5,670**	**5,521**

Other items of relevance for liquidity risk not included in EU LIQ1

The Group monitors intraday liquidity risk very carefully, using the monitoring instruments introduced by the Basel Committee on Banking Supervision (BCBS) for this purpose.

As an intraday liquidity risk mitigation instrument, Group Treasury must maintain a minimum quantity of highly liquid reserves to cover possible unexpected payments that might arise in the course of the day.

Table EU LIQ2 below shows quantitative data for the Group's Net Stable Funding Ratio (NSFR). As at end-December 2022, the ratio stood at 117%, well above the regulatory limit of 100%.

Template EU LIQ2: Net Stable Funding Ratio (1/2) - 12/31/2022

		12/31/2022				
		a	b	c	d	e
	(in currency amount)	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	9,216,446	—	—	1,098,932	10,315,378
2	*Own funds*	*9,216,446*	—	—	*809,316*	*10,025,763*
3	*Other capital instruments*		—	—	*289,616*	*289,616*
4	Retail deposits		20,928,514	288,050	959,830	20,666,995
5	*Stable deposits*		*12,240,008*	*5,140*	*891*	*11,633,782*
6	*Less stable deposits*		*8,688,506*	*282,910*	*958,939*	*9,033,213*
7	Wholesale funding:		17,081,666	6,449,393	23,961,268	31,524,504
8	*Operational deposits*		—	—	—	—
9	*Other wholesale funding*		*17,081,666*	*6,449,393*	*23,961,268*	*31,524,504*
10	Interdependent liabilities		—	—	—	—
11	Other liabilities:	2,753,375	3,963,025	171,107	1,095,251	1,180,804
12	*NSFR derivative liabilities*	*2,753,375*				
13	*All other liabilities and capital instruments not included in the above categories*		*3,963,025*	*171,107*	*1,095,251*	*1,180,804*
14	**Total available stable funding (ASF)**					**63,687,682**

Template EU LIQ2: Net Stable Funding Ratio (2/2) - 12/31/2022

	(in currency amount)	12/31/2022				
		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)					565,647
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		—	—	5,348,365	4,546,111
16	Deposits held at other financial institutions for operational purposes		—	—	—	—
17	Performing loans and securities:		11,414,384	5,986,222	43,293,845	44,775,036
18	*Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut*		*2,061,908*	*595,310*	*318,105*	*685,259*
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*973,107*	*672,320*	*3,299,830*	*3,732,129*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*4,679,328*	*4,051,142*	*24,948,705*	*33,039,080*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		—	—	—	*6,611,648*
22	*Performing residential mortgages, of which:*		*403,631*	*346,091*	*7,327,016*	—
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*403,631*	*346,091*	*7,327,016*	—
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*		*3,296,410*	*321,358*	*7,400,188*	*7,318,568*
25	Interdependent assets		—	—	—	—
26	Other assets:		5,707,066	76,837	2,541,048	4,240,553
27	*Physical traded commodities*				—	—
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		*677,961*	—	*131,615*	*688,140*
29	*NSFR derivative assets*		—			—
30	*NSFR derivative liabilities before deduction of variation margin posted*		*4,005,738*			*200,287*
31	*All other assets not included in the above categories*		*1,023,367*	*76,837*	*2,409,433*	*3,352,127*
32	Off-balance sheet items		1,414,754	518,630	7,976,108	495,475
33	**Total RSF**					**54,622,821**
34	**Net Stable Funding Ratio (%)**					**116.5954%**

Template EU LIQ2: Net Stable Funding Ratio (1/2) - 09/30/2022

		09/30/2022				
		a	b	c	d	e
	(in currency amount)	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	9,405,171	—	—	1,099,072	10,504,243
2	*Own funds*	*9,405,171*	—	—	*874,937*	*10,280,108*
3	*Other capital instruments*		—	—	*224,135*	*224,135*
4	Retail deposits		20,849,621	229,216	682,308	20,262,894
5	*Stable deposits*		*12,189,683*	*2,974*	*1,195*	*11,584,220*
6	*Less stable deposits*		*8,659,938*	*226,242*	*681,113*	*8,678,674*
7	Wholesale funding:		16,027,204	4,218,994	24,199,643	30,578,718
8	*Operational deposits*		—	—	—	—
9	*Other wholesale funding*		*16,027,204*	*4,218,994*	*24,199,643*	*30,578,718*
10	Interdependent liabilities		—	—	—	—
11	Other liabilities:	2,751,344	4,066,365	—	1,188,027	1,188,027
12	*NSFR derivative liabilities*	*2,751,344*				
13	*All other liabilities and capital instruments not included in the above categories*		*4,066,365*	—	*1,188,027*	*1,188,027*
14	**Total available stable funding (ASF)**					**62,533,883**

Template EU LIQ2: Net Stable Funding Ratio (2/2) - 09/30/2022

		09/30/2022				
		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)					658,627
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		—	—	6,230,163	5,295,638
16	Deposits held at other financial institutions for operational purposes		—	—	—	—
17	Performing loans and securities:		11,615,385	5,020,115	41,429,492	43,330,296
18	*Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut*		*1,743,545*	*49,798*	*512,247*	*545,940*
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*2,062,505*	*183,597*	*3,327,396*	*3,614,210*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*4,824,343*	*3,806,529*	*24,687,739*	*32,047,009*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		—	—	—	*5,549,670*
22	*Performing residential mortgages, of which:*		*327,066*	*444,138*	*5,906,432*	—
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*327,066*	*444,138*	*5,906,432*	—
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*		*2,657,926*	*536,054*	*6,995,678*	*7,123,138*
25	Interdependent assets		—	—	—	—
26	Other assets:		6,365,056	79,527	2,864,772	5,055,492
27	*Physical traded commodities*				—	—
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		*1,046,632*	—	*136,723*	*1,005,852*
29	*NSFR derivative assets*		—			—
30	*NSFR derivative liabilities before deduction of variation margin posted*		*4,070,035*			*203,502*
31	*All other assets not included in the above categories*		*1,248,390*	*79,527*	*2,728,049*	*3,846,138*
32	Off-balance sheet items		1,146,795	793,617	7,993,567	501,699
33	**Total RSF**					**54,841,752**
34	**Net Stable Funding Ratio (%)**					**114.0260%**

Section 7 – Credit risk

7.1 General information

Qualitative information

The Banking Group[10] (or the "Group") is distinguished by its prudent approach to risk, which is reflected in the fact that its NPL levels are among the lowest seen in the Italian national and European panorama.[11] Its management of non-performing loans also helps to keep the level of them on the books low, including 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;

10 The following subsidiaries of Group Legal Entities are excluded from the prudential scope of application: Compass RE (reinsurance business), Compass Rent, and MBContact Solutions (other companies).

11 As at 30 June 2022 the Mediobanca Group had a Finrep Gross NPL ratio of 2.22%, well below the materiality level of 5%, an improvement on end-June 2022 (2.6%), and below the Italian average (source: EBA Risk Dashboard 1Q 2022 (AQT_3.2).2.6%).

- Cases of bankruptcy or other systems of protection covering all creditors or all unsecured creditors, the terms and conditions of which have been approved by a judge in a court of law or another competent institution;
- Instances identified through other indicators of a borrower being unlikely to pay, such as the enforcement of guarantees, exceeding of given financial leverage ratios, negative evidence in information systems such as central credit databases, or the borrower's sources of income suddenly becoming unavailable.

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

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

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).

For a description of the methodologies used to determine loan loss provisions, and a breakdown by individual business segment, reference is made to the document entitled Basel III Pillar III – Disclosure to the public as at 30 June 2022, and the consolidated financial statements for the period ended 31 December 2022.

7.1.1 Exposures to sovereign credit risk

The banking book securities portfolio is worth a total of €6.2bn and chiefly consists of financial instruments with Italy country risk (65%, or €4.0bn); the remainder is invested in German government securities (17%), in US government bonds (12%), and EU sovereign debt (mainly French and Spanish). The average outstanding duration of the portfolio is around three years.

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

Quantitative information

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

		a	b	c	d	e	f
		Gross carrying amount/nominal amount					
		Performing exposures			Non-performing exposures		
			of which stage 1*	of which stage 2 *		of which stage 2	of which stage 3 **
005	Cash balances at central banks and other demand deposits	10,609,275	10,609,275	—	—	—	—
010	Loans and advances	58,213,761	54,387,253	3,313,033	1,563,800	—	1,292,831
020	*Central banks*	99,994	99,994	—	—	—	—
030	*General governments*	527,364	518,647	8,717	2,066	—	2,066
040	*Credit institutions*	2,922,341	2,922,341	—	—	—	—
050	*Other financial corporations*	6,766,416	6,216,613	36,328	14,585	—	7,628
060	*Non-financial corporations*	19,322,644	18,614,093	708,551	288,277	—	226,308
070	*of which SMEs*	*1,206,110*	*1,110,890*	*95,220*	*109,927*	—	*52,584*
080	*Households*	*28,575,002*	*26,015,565*	*2,559,437*	*1,258,872*	—	*1,056,829*
090	Debt securities	8,359,108	8,283,620	74,955	882	—	882
100	*Central banks*	—	—	—	—	—	—
110	*General governments*	6,196,819	6,196,745	—	882	—	882
120	*Credit institutions*	605,764	605,764	—	—	—	—
130	*Other financial corporations*	1,301,419	1,280,270	20,690	—	—	—
140	*Non-financial corporations*	255,106	200,841	54,265	—	—	—
150	Off-balance-sheet exposures	12,950,598	12,642,506	138,362	997	—	997
160	*Central banks*	—	—	—	—	—	—
170	*General governments*	122,567	122,567	—	—	—	—
180	*Credit institutions*	5,979	5,501	—	—	—	—
190	*Other financial corporations*	1,185,435	1,123,052	5	—	—	—
200	*Non-financial corporations*	8,735,424	8,596,655	107,983	207	—	207
210	*Households*	2,901,193	2,794,731	30,374	790	—	790
220	**Total as at 31 December 2022**	**90,132,742**	**85,922,654**	**3,526,350**	**1,565,679**	**—**	**1,294,710**
	Total as at 30 June 2022	**88,451,801**	**84,026,900**	**3,730,047**	**1,691,470**	**—**	**1,319,624**

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			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			of which stage 1	of which stage 2 *		of which stage 2	of which stage 3
005	Cash balances at central banks and other demand deposits	(134)	(134)	—	—	—	—
010	Loans and advances	(723,939)	(332,106)	(391,833)	(957,984)	—	(947,884)
020	*Central banks*	—	—	—	—	—	—
030	*General governments*	(5,731)	(452)	(5,279)	(902)	—	(902)
040	*Credit institutions*	(227)	(227)	—	—	—	—
050	*Other financial corporations*	(18,659)	(17,265)	(1,394)	(10,456)	—	(3,820)
060	*Non-financial corporations*	(97,050)	(57,800)	(39,250)	(141,144)	—	(140,509)
070	*of which SMEs*	(11,917)	(5,304)	(6,613)	(33,147)	—	(32,512)
080	*Households*	(602,272)	(256,362)	(345,910)	(805,482)	—	(802,653)
090	Debt securities	(17,233)	(9,542)	(7,691)	(882)	—	(882)
100	*Central banks*	—	—	—	—	—	—
110	*General governments*	(1,368)	(1,368)	—	(882)	—	(882)
120	*Credit institutions*	(3,216)	(3,216)	—	—	—	—
130	*Other financial corporations*	(8,559)	(3,280)	(5,279)	—	—	—
140	*Non-financial corporations*	(4,090)	(1,678)	(2,412)	—	—	—
150	Off-balance-sheet exposures	22,672	18,966	2,882	169	—	169
160	*Central banks*	—	—	—	—	—	—
170	*General governments*	14	14	—	—	—	—
180	*Credit institutions*	—	—	—	—	—	—
190	*Other financial corporations*	883	883	—	—	—	—
200	*Non-financial corporations*	13,276	11,209	2,067	43	—	43
210	*Households*	8,499	6,860	815	126	—	126
220	**Total as at 31 December 2022**	**(763,978)**	**(360,748)**	**(402,406)**	**(959,035)**	**—**	**(948,935)**
	Total as at 30 June 2022	**(727,695)**	**(336,087)**	**(391,071)**	**(953,552)**	**—**	**(937,230)**

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	(4,253)	24,600,936	125,119
020	*Central banks*	—	—	—
030	*General governments*	—	106	3
040	*Credit institutions*	—	2,337,048	—
050	*Other financial corporations*	—	3,325,562	3,762
060	*Non-financial corporations*	(4,213)	5,101,962	42,277
070	*of which SMEs*	(720)	902,703	22,128
080	*Households*	(40)	13,836,258	79,077
090	Debt securities	—	634,887	—
100	*Central banks*	—	—	—
110	*General governments*	—	—	—
120	*Credit institutions*	—	—	—
130	*Other financial corporations*	—	634,887	—
140	*Non-financial corporations*	—	—	—
150	Off-balance-sheet exposures		2,079,042	201
160	*Central banks*		—	—
170	*General governments*		9	—
180	*Credit institutions*		—	—
190	*Other financial corporations*		266,081	—
200	*Non-financial corporations*		996,624	164
210	*Households*		816,328	37
220	**Total as at 31 December 2022**	**(4,253)**	**27,314,865**	**125,320**
	Total as at 30 June 2022	**(4,312)**	**25,568,774**	**185,081**

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	3,643,086	10,379,258	24,300,233	19,771,765	1,296	58,095,638
2	Debt securities	—	2,282,748	3,660,808	2,365,142	33,175	8,341,873
3	**Total as at 31 December 2022**	**3,643,086**	**12,662,006**	**27,961,041**	**22,136,907**	**34,471**	**66,437,511**

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

		12/31/2022
		a
		Gross carrying amount
010	**Initial stock of non-performing loans and advances**	**1,688,411**
020	Inflows to non-performing portfolios	308,009
030	Outflows from non-performing portfolios	(431,738)
040	Outflow due to write-off	(61,547)
050	Outflow due to other situations	(370,191)
060	**Final stock of non-performing loans and advances**	**1,564,682**

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 exposuresone (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	668,960	462,546	462,546	451,284
020	*Central banks*	—	—	—	—
030	*General governments*	—	—	—	—
040	*Credit institutions*	—	—	—	—
050	*Other financial corporations*	28,861	10,732	10,732	4,096
060	*Non-financial corporations*	245,548	125,137	125,137	120,511
070	*Households*	394,551	326,677	326,677	326,677
080	Debt securities	—	—	—	—
090	Loan commitments given	31,494	—	—	—
100	**Total as at 31 December 2022**	**700,454**	**462,546**	**462,546**	**451,284**
	Total as at 30 June 2022	**768,459**	**547,774**	**547,774**	**536,497**

Template EU CQ1 - Credit quality of forborne exposuresone (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	(68,559)	(338,219)	451,030	47,832
020	*Central banks*	—	—	—	—
030	*General governments*	—	—	—	—
040	*Credit institutions*	—	—	—	—
050	*Other financial corporations*	(1,287)	(9,287)	18,816	1,444
060	*Non-financial corporations*	(16,433)	(82,372)	194,369	20,139
070	*Households*	(50,839)	(246,560)	237,845	26,249
080	Debt securities	—	—	—	—
090	Loan commitments given	841	—	4,895	—
100	**Total as at 31 December 2022**	**(69,400)**	**(338,219)**	**455,925**	**47,832**
	Total as at 30 June 2022	**(66,665)**	**(367,283)**	**603,914**	**88,526**

Template EU CQ2 - Quality of forbearance

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

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

		a	b	c	d
		Gross carrying/nominal amount			
			of which: non-performing		of which: subject to impairment
				of which: defaulted	
010	**On-balance-sheet exposures**	**68,137,551**	**1,564,682**	**1,564,682**	**67,612,281**
020	Italy	51,009,672	1,429,978	1,429,978	50,489,561
030	France	3,352,445	109,056	109,056	3,352,445
040	United States of America	2,342,991	324	324	2,342,991
050	Monaco	2,000,991	11,818	11,818	2,000,991
060	Germany	1,798,474	107	107	1,798,474
070	Spain	1,779,405	194	194	1,779,405
080	Other Countries	5,853,573	13,205	13,205	5,848,414
090	**Off-balance-sheet exposures**	**12,951,595**	**997**	**997**	
100	Italy	6,738,164	972	972	
110	France	1,393,057	—	—	
120	Regno Unito	517,704	—	—	
130	Stati Uniti d'America	516,690	—	—	
140	Germany	132,216	—	—	
150	Spain	892,546	—	—	
160	Other Countries	2,761,218	25	25	
170	**Total as at 31 December 2022**	**81,089,146**	**1,565,679**	**1,565,679**	**67,612,281**
	Total as at 30 June 2022	**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**	**(1,693,402)**		**(6,636)**
020	Italy	(1,562,067)		(6,636)
030	France	(71,379)		—
040	United States of America	(13,093)		—
050	Monaco	(1,301)		—
060	Germany	(3,414)		—
070	Spain	(4,611)		—
080	Other Countries	(37,537)		—
090	**Off-balance-sheet exposures**		**(22,841)**	
100	Italy		(14,739)	
110	France		(2,474)	
120	Regno Unito		(1,117)	
130	Stati Uniti d'America		—	
140	Germany		(953)	
150	Spain		(453)	
160	Other Countries		(3,105)	
170	**Total as at 31 December 2022**	**(1,693,402)**	**(22,841)**	**(6,636)**
	Total as at 30 June 2022	**(1,650,057)**	**(24,264)**	**(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	32,438	1,646	1,646	32,438	(1,143)	—
020	Mining and quarrying	111,631	320	320	111,631	(82)	—
030	Manufacturing	4,788,789	25,098	25,098	4,788,789	(49,115)	—
040	Electricity, gas, steam and air conditioning supply	1,371,669	128	128	1,371,669	(2,835)	—
050	Water supply	201,652	1,254	1,254	201,652	(868)	—
060	Construction	776,632	19,702	19,702	776,632	(10,210)	—
070	Wholesale and retail trade	1,616,178	82,753	82,753	1,616,178	(61,877)	—
080	Transport and storage	853,603	6,412	6,412	853,603	(4,405)	—
090	Accommodation and food service activities	156,991	4,829	4,829	156,991	(5,303)	—
100	Information and communication	1,388,720	12,166	12,166	1,388,720	(13,386)	—
110	Financial and insurance activities	1,545,521	477	477	1,545,521	(9,969)	—
120	Real estate activities	1,597,188	43,843	43,843	1,597,189	(31,941)	—
130	Professional, scientific and technical activities	3,278,096	2,299	2,299	3,278,096	(9,733)	—
140	Administrative and support service activities	1,420,693	7,865	7,865	1,420,693	(7,727)	—
150	Public administration and defence, compulsory social security	—	—	—	—	—	—
160	Education	3,375	264	264	3,375	(142)	—
170	Human health services and social work activities	150,592	56,109	56,109	145,966	(26,655)	—
180	Arts, entertainment and recreation	59,818	1,844	1,844	59,818	(468)	—
190	Other services	257,335	21,268	21,268	257,334	(2,335)	—
200	**Total as at 31 December 2022**	**19,610,921**	**288,277**	**288,277**	**19,606,295**	**(238,194)**	**—**
	Total as at 30 June 2022	**19,146,709**	**269,268**	**269,268**	**19,142,068**	**(207,489)**	**—**

Template EU CQ6 - Collateral valuation - loans and advances

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

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

		12/31/2022		06/30/2022	
		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	(6)	76	(5)
020	Other than PP&E	69,573	(20,660)	61,270	(19,892)
030	*Residential immovable property*	—	—	—	—
040	*Commercial Immovable property*	69,573	(20,660)	61,270	(19,892)
050	*Movable property (auto, shipping, etc.)*	—	—	—	—
060	*Equity and debt instruments*	—	—	—	—
070	*Other collateral*	—	—	—	—
080	**Total**	**69,649**	**(20,666)**	**61,346**	**(19,897)**

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

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

Exposures for which moratoria have been granted

The templates to be published at half-yearly intervals with fixed format are shown below. For the qualitative disclosure, reference is made to the Consolidated Financial Statements for the twelve months ended 30 June 2022 and for the six months ended 31 December 2022.

Template 1: Information on loans and advances subject to legislative and non-legislative moratoria as at 31/12/22

The table below shows an overview of the credit quality of loans and advances subject to moratoria on loan repayments applied in the light of the Covid-19 crisis (EBA/GL/2020/07, EBA/GL/2020/02). They include only exposures for which moratoria have been granted that have not yet expired, i.e. they do not include those that have already been paid off, for which the payment relief period has now ended.

As at 31 December 2022 there were no longer any moratoria outstanding qualifying as "EBA compliant".

Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria (1/2) as at 31/12/22

The table below shows a breakdown of the exposures subject to moratoria granted in accordance with the EBA Guidelines (EBA/GL/2020/02). It therefore also includes exposures for which the suspension period has ended or which over time have ceased to qualify as EBA-compliant.

		a	b	c	d
		Number of obligors	Gross carrying amount		
				of which: legislative moratoria	of which: expired
1	**Loans and advances for which moratorium was offered**	**61,614**	**1,334,887**		
2	**Loans and advances subject to moratorium (granted)**	**54,414**	**1,267,790**	**763,827**	**1,267,790**
3	of which: Households		876,395	384,452	876,395
4	of which: Collateralised by residential immovable property		500,977	355,030	500,977
5	of which: Non-financial corporations		389,219	377,267	389,219
6	of which: Small and Medium-sized Enterprises		269,006	264,007	269,006
7	of which: Collateralised by commercial immovable property		275,085	263,938	275,085

Template 2: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria as at 31/12/22 (2/2)

		e	f	g	h	i
		Gross carrying amount				
		Residual maturity of moratoria				
		<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	**Loans and advances for which moratorium was offered**					
2	**Loans and advances subject to moratorium (granted)**	**—**	**—**	**—**	**—**	**—**
3	of which: Households	—	—	—	—	—
4	of which: Collateralised by residential immovable property	—	—	—	—	—
5	of which: Non-financial corporations	—	—	—	—	—
6	of which: Small and Medium-sized Enterprises	—	—	—	—	—
7	of which: Collateralised by commercial immovable property	—	—	—	—	—

Since the start of the Covid-19 emergency, the Mediobanca Group has granted moratoria qualifying as "EBA compliant" in connection with the legal and/or sector initiatives on loans worth a total amount of €1,268m. At end-December 2022, all the exposures concerned had reached the end of the payment suspension period, or were otherwise no longer governed by any form of suspension that conforms to the EBA requisites.

Table3: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis as at 31/12/22

The table below shows an overview of the stock of newly-originated loans supported by government-issued guarantees introduced to help companies address the crisis situation generated by the Covid-19 pandemic.

		a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	**94,533**	**—**	**82,130**	**112**
2	of which: Households	18,715			112
3	of which: Collateralised by residential immovable property	—			—
4	of which: Non-financial corporations	75,815	—	63,503	—
5	of which: Small and Medium-sized Enterprises	15,953			—
6	of which: Collateralised by commercial immovable property	—			—

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

Tables EU CR10.1, EU CR10.2, EU CR10.3, EU CR10.4 and EU CR10.5 are not stated as the Mediobanca Group had no such exposures on its books as at 31 December 2022.

7.2 ECAIs

Qualitative information

Mediobanca uses the following ECAIs in order to determine risk weightings in connection with the standardized method:[12]

- 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. It should be noted that a fourth ECAI – Modefinance – has been introduced starting from 31 December 2022 to assess the risks arising in connection with the corporate loan book valued using the standard methodology, mainly for the factoring and leasing portfolios. This has entailed an approx. 5 bps benefit for the CET1 ratio (approx. €130m less in RWAs).

Portafogli	ECAI	Caratteristiche dei rating (*)
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.

12 External Credit Assessment Institution.

Quantitative information

Template EU CR4 - Standardised 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	16,338,730	—	17,486,810	5,172	26,792	0.1532 %
2	Regional governments or local authorities	131	—	131	—	26	19.9995 %
3	Public sector entities	307,646	9	307,646	2	156,444	50.8518 %
4	Multilateral development banks	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	2,539,823	25,372	2,010,327	1,345	937,134	46.5848 %
7	Corporates	9,695,659	1,776,351	7,108,047	591,278	6,711,369	87.1683 %
8	Retail	15,222,914	2,498,660	14,797,567	349,236	10,592,679	69.9334 %
9	Secured by mortgages on immovable property	1,410,323	105,796	1,391,413	52,786	530,666	36.7447 %
10	Exposures in default	494,552	614	479,718	610	497,509	103.5771 %
11	Higher-risk categories	2,658	106,102	2,658	106,102	163,141	150.0000 %
12	Covered bonds	55,160	—	55,160	—	5,516	10.0000 %
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
14	collective investments undertakings	672,548	1,074	672,548	1,074	1,171,893	173.9691 %
15	Equity	2,653,883	—	2,653,883	—	8,296,718	312.6256 %
16	Other items	2,116,503	46	2,116,503	9	1,809,262	85.4832 %
17	**Total as at 31 December 2022**	**51,510,529**	**4,514,024**	**49,082,409**	**1,107,615**	**30,899,148**	**61.5643 %**
	Total as at 30 June 2022	**48,037,763**	**7,506,088**	**46,016,270**	**1,796,307**	**30,788,013**	**64.3931 %**

Template EU CR5 - Standardised 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	17,381,437	—	—	—	94,954	—
2	Regional governments or local authorities	—	—	—	—	131	—
3	Public sector entities	—	—	—	—	28,110	—
4	Multilateral development banks	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	—	3,560	—	—	876,598	—
7	Corporates	—	—	—	—	613,699	—
8	Retail	—	—	—	—	—	1,607,198
9	Secured by mortgages on immovable property	—	—	—	—	—	1,075,637
10	Exposures in default	—	—	—	—	—	—
11	Higher-risk categories	—	—	—	—	—	—
12	Covered bonds	—	—	—	55,160	—	—
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
14	Collective investment undertakings	96,796	—	—	—	29,974	—
15	Equity	—	—	—	—	—	—
16	Other items	304,912	—	—	—	244,220	—
17	**Total as at 31 December 2022**	**17,783,145**	**3,560**	**—**	**55,160**	**1,887,686**	**2,682,836**
	Total as at 30 June 2022	**16,028,313**	**67,774**	**—**	**75,230**	**1,623,820**	**2,566,763**

Template EU CR5 - Standardised 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	15,579	—	—	11	—	—
2	Regional governments or local authorities	—	—	—	—	—	—
3	Public sector entities	257,430	—	—	22,107	—	—
4	Multilateral development banks	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	836,173	—	—	198,692	96,649	—
7	Corporates	836,377	—	—	6,230,735	18,513	—
8	Retail	—	—	13,539,605	—	—	—
9	Secured by mortgages on immovable property	368,562	—	—	—	—	—
10	Exposures in default	—	—	—	445,964	34,363	—
11	Higher-risk categories	—	—	—	—	108,761	—
12	Covered bonds	—	—	—	—	—	—
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
14	Collective investment undertakings	3,118	—	—	241,171	238,538	—
15	Equity	—	—	—	470,050	—	211,260
16	Other items	—	—	—	1,438,688	—	128,692
17	**Total as at 31 December 2022**	**2,317,240**	**—**	**13,539,605**	**9,047,420**	**496,825**	**339,952**
	Total as at 30 June 2022	**1,979,991**	**—**	**13,189,849**	**9,067,518**	**847,503**	**459,683**

Template EU CR5 - Standardised 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	—	—	—	17,491,982	1.168.482
2	Regional governments or local authorities	—	—	—	131	124
3	Public sector entities	—	—	—	307,647	33.125
4	Multilateral development banks	—	—	—	—	
5	International organisations	—	—	—	—	
6	Institutions	—	—	—	2,011,673	306.120
7	Corporates	—	—	—	7,699,325	3.115.634
8	Retail	—	—	—	15,146,803	15.032.153
9	Secured by mortgages on immovable property	—	—	—	1,444,199	1.393.836
10	Exposures in default	—	—	—	480,328	477.525
11	Higher-risk categories	—	—	—	108,761	
12	Covered bonds	—	—	—	55,160	
13	Institutions and corporates with a short-term credit assessment	—	—	—	—	
14	Collective investment undertakings	—	41,103	22,921	673,621	15.081
15	Equity	1,972,572	—	—	2,653,883	7.975
16	Other items	—	—	—	2,116,512	1.060.374
17	**Total as at 31 December 2022**	**1,972,572**	**41,103**	**22,921**	**50,190,024**	**22.610.429**
	Total as at 30 June 2022	**1,862,703**	**43,430**	**—**	**47,812,577**	**33.055.909**

7.3 Credit risk: disclosure on portfolios subject to AIRB methods

Qualitative information

As part of the process of progressively extending the use of AIRB models in order to calculate the regulatory capital requirements for credit risk (the "Roll Out Plan"), the Group is authorized to use internal models for reporting purposes for the Mediobanca and Mediobanca International corporate lending portfolios and for the CheBanca! Italian loan book.

The Internal Model Investigation for the internal models for Compass's consumer credit and credit card operations took place in the months from May to July 2022; the Group has received the inspection report but the final decision is still pending. The outcome of the authorization process could lead to an increase in RWAs (compared to the current standard value) in the region of €900m. Such an increase, which is estimated, and in part was anticipated when the application for authorization was submitted, has been increased slightly but remains uncertain, as discussions are still ongoing with the supervisory authorities (some methodological fine-tuning to be quantified exactly is still possible, offset by the prudential elements already included in the models). Based on the information currently available, the transition to the new AIRB models could take place at end-June 2023 with the end of the financial year.

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

- The new PD and LGD AIRB models for the Mediobanca Large Corporate segment became operative as from September 2023, after authorization was received from the ECB following an application for material model changes to be made. The adoption of the new models entailed an increase in RWAs of approx. €1.6bn. The Group will shortly submit a new application for a revised version of the LGD model to reduce the new models' impact on RWAs for authorization (by the end of the 2022-23 financial year);
- At end- September 2023 an Internal Model Investigation commenced for approval of a material change with impact on the LGD model for the CheBanca! Italian mortgage loan segment.

7.3.1 Scope of application for the IRB model

As at 31 December 2022, 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;

— CheBanca!, for the Italian mortgage loan book.

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 a calibration 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), the counterparty's industrial sector, and two financial variables representing the counterparty's capital structure.

The model adopted for non-performing positions entails the use of coverage as the Expected Loss best estimate, with the unexpected component quantified based on the difference between the coverage value observed each month and the final LGD, taking into account the position's vintage (i.e. the length of time for which the position remains in default status).

7.3.3 Structure of the mortgage rating system

The CheBanca! mortgage 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 were originated before 2009 by the CheBanca! French branches, which ceased operations in 2009). Accordingly, for this portfolio, permanent exemption from application of the AIRB method has been applied for and obtained.

The CheBanca! 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 CheBanca!, divided into the following macro-categories:

— Accepted category: this consists of the exposures actually originated by CheBanca!;

— Rejected category; this consists of rejected practices and therefore has no observed performance;

— Declined category; this consists of those practices that, although approved by CheBanca!, 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 CheBanca! 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 CheBanca! 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.

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 or rejecting the deal. It is 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, which CheBanca! is equipped with, the renegotiation of the loan is considered forborne even in the absence of an objective state of financial difficulty, as this may 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.

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 indirect cost downturn factor or the floor. 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 CheBanca! mortgage loans classified as bad debts are subject to individual assessment.

For specific measures adopted to the satellite models for the transmission of the macroeconomic effects deriving from the Covid-19 emergency to the risk parameters, reference is made to section 7.1.1.

ICAAP and Risk Appetite Framework

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

Credit recovery process

For the CheBanca! 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.

7.3.5 Control and review of the internal models

Internal rating systems are subject to validation by the Bank's control units This occurs both in a first request for authorization phase and during the ongoing process of monitoring and maintenance of the risk measurement systems.

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

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

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

Quantitative information

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

		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
	0.00 to <0.15	2,163,593	3,135,487	0	4,029,468	0.0655 %	41	45.0000 %	2	979,789	24.3156 %	1,205	(1,695)
	0.00 to <0.10	2,163,593	3,135,487	0	4,029,468	0.0655 %	41	45.0000 %	2	979,789	24.3156 %	1,205	(1,695)
	0.10 to <0.15	—	—	—	—	—	—	—	—	—	—	—	—
	0.15 to <0.25	2,787,621	2,124,599	0	3,895,874	0.1553 %	51	45.0494 %	2	1,577,663	40.4957 %	2,726	(4,326)
	0.25 to <0.50	6,084,284	1,841,149	0	7,001,104	0.3447 %	125	44.4219 %	2	4,193,569	59.8987 %	10,613	(15,957)
	0.50 to <0.75	—	—	—	—	—	—	—	—	—	—	—	—
	0.75 to <2.50	2,386,889	916,125	0	2,797,379	1.1530 %	85	45.6888 %	2	2,878,793	102.9104 %	14,775	(30,605)
	0.75 to <1.75	2,386,889	916,125	0	2,797,379	1.1530 %	85	45.6888 %	2	2,878,793	102.9104 %	14,775	(30,605)
Corporates - Other	1.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
	2.50 to <10.00	1,192,995	214,754	0	1,281,707	3.3878 %	42	45.3004 %	2	1,808,463	141.0979 %	19,734	(42,996)
	2.50 to <5.00	978,944	154,995	0	1,036,525	2.8122 %	29	45.0000 %	2	1,386,156	133.7310 %	13,117	(21,525)
	5.00 to <10.00	214,051	59,759	0	245,182	5.8210 %	13	46.5702 %	2	422,307	172.2422 %	6,617	(21,470)
	10.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
	10.00 to <20.00	—	—	—	—	—	—	—	—	—	—	—	—
	20.00 to <30.00	—	—	—	—	—	—	—	—	—	—	—	—
	30.00 to <100.00	—	—	—	—	—	—	—	—	—	—	—	—
	100.00 (Default)	118,253	—	—	118,253	100.0000 %	4	63.0430 %	2	49,528	41.8834 %	70,589	(70,589)
	Sub-total	**14,733,635**	**8,232,114**	**0**	**19,123,785**	**1.1857 %**	**348**	**45.0309 %**	**2**	**11,487,805**	**60.0708 %**	**119,643**	**(166,167)**

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

		a	b	c	d	e	f	g	h	i	j	k	l
AIRB	PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjust-ments and provisions
Retail: secured by mortgages on immovable property	0.00 to <0.15	8,840,546	58,044	0	8,898,590	0.0960 %	79,246	28.0530 %	—	603,782	6.7851 %	2,496	(3,237)
	0.00 to <0.10	3,686,930	22,772	0	3,709,702	0.0300 %	34,206	25.9730 %	—	94,173	2.5386 %	289	(580)
	0.10 to <0.15	5,153,616	35,271	0	5,188,887	0.1440 %	45,040	29.5400 %	—	509,609	9.8212 %	2,207	(2,657)
	0.15 to <0.25	—	—	—	—	—	—	—	—	—	—	—	—
	0.25 to <0.50	1,446,429	12,525	0	1,458,954	0.3820 %	14,710	28.9040 %	—	288,082	19.7458 %	1,613	(2,141)
	0.50 to <0.75	995,340	5,149	0	1,000,488	0.6720 %	11,976	27.6070 %	—	280,392	28.0255 %	1,856	(10,752)
	0.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
	0.75 to <1.75	—	—	—	—	—	—	—	—	—	—	—	—
	1.75 to <2.50	—	—	—	—	—	—	—	—	—	—	—	—
	2.50 to <10.00	455,187	2,523	0	457,710	3.9680 %	5,984	24.4780 %	—	345,854	75.5618 %	4,445	(23,014)
	2.50 to <5.00	455,187	2,523	0	457,710	3.9680 %	5,984	24.4780 %	—	345,854	75.5618 %	4,445	(23,014)
	5.00 to <10.00	—	—	—	—	—	—	—	—	—	—	—	—
	10.00 to <100.00	42,807	25	0	42,832	32.3210 %	572	23.9970 %	—	63,342	147.8845 %	3,322	(7,088)
	10.00 to <20.00	—	—	—	—	—	—	—	—	—	—	—	—
	20.00 to <30.00	—	—	—	—	—	—	—	—	—	—	—	—
	30.00 to <100.00	42,807	25	0	42,832	32.3210 %	572	23.9970 %	—	63,342	147.8845 %	3,322	(7,088)
	100.00 (Default)	150,747	61	0	150,808	100.0000 %	1,848	41.5380 %	—	40,355	26.7593 %	59,415	(78,704)
	Sub-total	**11,931,055**	**78,326**	**1**	**12,009,382**	**1.6958 %**	**114,336**	**28.1378 %**	**—**	**1,621,807**	**13.5045 %**	**73,147**	**(124,937)**
	Total as at 31 December 2022	**26,664,690**	**8,310,441**	**—**	**31,133,167**	**—**	**—**	**—**	**—**	**13,109,612**	**—**	**192,790**	**(291,104)**
	Total as at 30 June 2022	**25,285,432**	**8,217,103**	**—**	**29,708,983**	**—**	**—**	**—**	**—**	**11,137,263**	**—**	**159,085**	**(250,398)**

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

Table 6.3.2 – PD and LGD values by geographical area

The table below shows the geographical breakdown of AIRB exposures for the "Exposures to corporates – others" segment, showing the weighted average PD and LGD values for each exposure.

The table shows only the performing exposures as at 31 December 2022 and 30 June 2022.

	31/12/2022			30/06/2022		
	a	b	c	a	b	c
Geography	EAD post CRM and post CCF	Average PD	Average LGD	EAD post CRM and post CCF	Average PD	Average LGD
Italy	9,552,779,535	0.43%	45%	8,928,926.12	0.45%	37%
France	1,932,559,756	0.43%	46%	1,843,430.66	0.47%	39%
Spain	1,388,579,755	0.31%	45%	1,304,487.30	0.28%	37%
Germany	513,605,225	0.53%	46%	705,982.45	0.52%	40%
United Kingdom	778,766,916	1.00%	45%	695,444.33	1.01%	40%
Netherlands	760,415,182	0.77%	45%	971,144.62	0.71%	40%
Luxembourg	762,258,715	1.24%	45%	753,445.44	0.99%	40%
Other European countries	1,243,905,356	1.33%	45%	1,019,868.97	0.73%	39%
United States	1,775,214,084	0.59%	45%	1,731,266.88	0.60%	41%
Rest of the world	297,447,573	0.59%	45%	303,911.20	0.56%	40%

The "Exposures guaranteed by properties" portfolio contains exposures that are concentrated in Italy; out of a total performing exposure of €11,858m, the average weighted PD and LGD per exposure are 0.4% and 27.92% respectively.

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

		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 - Specialised lending*	—	—
5	**Exposures under AIRB**	**13,109,612**	**13,109,612**
6	Central governments and central banks	—	—
7	Institutions	—	—
8	Corporates	11,487,805	11,487,805
8,1	*of which Corporates - SMEs*	—	—
8,2	*of which Corporates - Specialised lending*	—	—
9	Retail	1,621,807	1,621,807
9,1	*of which Retail – SMEs - Secured by immovable property collateral*	—	—
9,2	*of which Retail – non-SMEs - Secured by immovable property collateral*	*1,621,807*	*1,621,807*
9,3	*of which Retail – Qualifying revolving*	—	—
9,4	*of which Retail – SMEs - Other*	—	—
9,5	*of which Retail – Non-SMEs- Other*	—	—
10	**TOTAL AS AT 31 DECEMBER 2022 (including F-IRB exposures and A-IRB exposures)**	**13,109,612**	**13,109,612**
	TOTAL AS AT 30 JUNE 2022 (including F-IRB exposures and A-IRB exposures)	**11,137,263**	**11,137,263**

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 (%)	Part of exposures covered by Other eligible collaterals (%)				Part of exposures covered by Other funded 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	19,123,785	0.8379 %	—	—	—	—	—
3,1	*of which Corporates – SMEs*	—	—	—	—	—	—	—
3,2	*of which Corporates – Specialised lending*	—	—	—	—	—	—	—
3,3	*of which Corporates – Other*	*19,123,785*	*0.8379 %*	—	—	—	—	—
4	Retail	12,009,382	—	223.7974 %	223.7974 %	—	—	—
4,1	*of which Retail – Immovable property SMEs*	—	—	—	—	—	—	—
4,2	*of which Retail – Immovable property non-SMEs*	*12,009,382*	—	*223.7974 %*	*223.7974 %*	—	—	—
4,3	*of which Retail – Qualifying revolving*	—	—	—	—	—	—	—
4,4	*of which Retail – Other SMEs*	—	—	—	—	—	—	—
4,5	*of which Retail – Other non-SMEs*	—	—	—	—	—	—	—
5	**Total as at 31 December 2022**	**31,133,167**	**0.5147 %**	**86.3282 %**	**86.3282 %**	**—**	**—**	**—**
	Total as at 30 June 2022	**29,708,983**	**0.6552 %**	**38.3096 %**	**38.3096 %**	**—**	**—**	**—**

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

	A-IRB	Credit risk Mitigation techniques					Credit risk Mitigation methods in the calculation of RWEAs	
		Funded credit Protection (FCP)			Unfunded credit Protection (UFCP)			
		Part of exposures covered by Other funded credit protection (%)						
		Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and sustitution effects)
		h	i	j	k	l	m	n
1	Central governments and central banks	—	—	—	—	—	—	—
2	Institutions	—	—	—	—	—	—	—
3	Corporates	—	—	—	—	—	11,440,759	11,487,805
3,1	*of which Corporates – SMEs*	—	—	—	—	—	—	—
3,2	*of which Corporates – Specialised lending*	—	—	—	—	—	—	—
3,3	*of which Corporates – Other*	—	—	—	—	—	*11,440,759*	*11,487,805*
4	Retail	—	—	—	—	—	1,621,807	1,621,807
4,1	*of which Retail – Immovable property SMEs*	—	—	—	—	—	—	—
4,2	*of which Retail – Immovable property non-SMEs*	—	—	—	—	—	*1,621,807*	*1,621,807*
4,3	*of which Retail – Qualifying revolving*	—	—	—	—	—	—	—
4,4	*of which Retail – Other SMEs*	—	—	—	—	—	—	—
4,5	*of which Retail – Other non-SMEs*	—	—	—	—	—	—	—
5	**Total as at 31 December 2022**	**—**	**—**	**—**	**—**	**—**	**13,062,566**	**13,109,612**
	Total as at 30 June 2022	**—**	**—**	**—**	**—**	**—**	**11,093,211**	**11,137,263**

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

The table below shows the changes in RWAs calculated with application of the IRB in the three months to end-September 2022 and to end-December 2022, plus a breakdown by the reasons for such changes.

In the three months under review, there was a slight reduction in RWAs, due primarily to an improvement in the credit quality of both the "Other companies" and the "Mortgages" segments, with a slight increase in the exposure for the latter recorded.

There were no major changes due to the exchange rate effect.

		a	b
		RWA	Capital requirements
1	**Risk weighted exposure amount as at the end of the previous reporting period (30 June 2022)**	**11,137,263**	**890,981**
2	Asset size	582,846	46,628
3	Asset quality	(180,186)	(14,415)
4	Model updates	1,555,884	124,471
5	Methodology and policy	—	—
6	Acquisitions and disposals	—	—
7	Foreign exchange movements	60,406	4,832
8	Other	—	—
9	**Risk weighted exposure amount as at the end of the reporting period (30 September 2022)**	**13,156,213**	**1,052,497**

		a	b
		RWA	Capital requirements
1	**Risk weighted exposure amount as at the end of the previous reporting period (30 September 2022)**	**13,156,213**	**1,052,497**
2	Asset size	86,382	6,911
3	Asset quality	(116,402)	(9,312)
4	Model updates	—	—
5	Methodology and policy	—	—
6	Acquisitions and disposals	—	—
7	Foreign exchange movements	(16,581)	(1,327)
8	Other	—	—
9	**Risk weighted exposure amount as at the end of the reporting period (31 December 2022)**	**13,109,612**	**1,048,769**

Section 8 – ESG risks

8.1 Introduction

In line with the EBA Guidelines issued in January 2022, Section 8 of this document, on Environmental, Social and Governance risks, contains the disclosure required on ESG risks. The new reporting came into force on 28 June 2022.

The EBA ITS[13] require the disclosure to consist of three qualitative sections to define Environmental, Social and Governance risks, plus a total of ten quantitative tables (the "Tables"), four of which on climate change transition risk, one on climate change physical risk, plus three with quantitative data on the actions that credit institutions are implementing in order to mitigate risks linked to climate change, including information on taxonomy-alignment actions (GAR and BTAR) and any other mitigation actions.

The information contained in this section reflects the contents of the Consolidated Non-Financial Statement (CNFS) and/or climate report compiled on the basis of the protocol issued by the Task Force on Climate-Related Financial Disclosure (TCFD) for FY 2021-22 (both of which are updated as at 30 June each year). The EBA Guidelines provide for a phase-in period until June 2024 for some of the information that is more complex in terms of data collection and risk measurement methodology, such as reporting Scope 3 emissions and alignment metrics, i.e. the disclosures on the Green Asset Ratio (GAR) and the Banking Taxonomy Alignment Ratio (BTAR). Regarding GHG emissions financed and disclosed on a best-efforts basis, it should be noted that since the reporting at end-June 2022, the methodology used for calculating the estimated emissions has been revised, and the parameters based on which the calculations are made have been updated.

For this, the second disclosure, a total of five templates are required by the regulations, containing information (e.g. on GHG emissions) provided on a best-efforts basis, which will become mandatory according to the phase-in procedure provided for in the EBA ITS from 31 December 2023 or 30 June 2024. Regarding the qualitative information, the following pages summarize the main changes compared to the information published as at 30 June 2022; in cases where there have been no changes, reference is made to the most recent disclosure published as at that date.

For example, a revised version of the Group Regulations was adopted in the six months. This document describes the Group's governance, through the structure of mandates and powers issued to the parent company, the Group's organizational model, and the activities of direction,

13 EBA/ITS/2022/01 (24 January 2022). "Final draft implementing technical standards on prudential disclosures on ESG risks in accordance with Article 449a CRR".

governance and control performed by the parent company for the Group Legal Entities. In January 2023, meanwhile, the new Mediobanca Company Organizational Chart was published. This document provides a description of the main activities performed by each organizational structure, illustrating their respective roles and responsibilities.

8.2 Qualitative information

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

The assignment of roles and responsibilities is an issue common to all three spheres, i.e. Environmental, Social and Governance.

With reference to the roles and responsibilities involved in supervising and managing ESG risk, reference is made to the Basel III Pillar III – Disclosure to the Public document as at 30 June 2022, which provides substantial disclosure of the roles and responsibilities of both management and the various Committees. In addition, a Conduct Committee has been established, whose duties include, with respect to ESG issues, analysing products issued and/or sold, and the activities performed by third-party distributors, among other things in order to guarantee investor protection (e.g. SFDR) and avoid greenwashing.

1. ENVIRONMENTAL

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

As a member of the Net-Zero Banking Alliance (UNEP-FI initiative), the Group has published its own climate objectives for its proprietary credit exposure (portfolio targets), which are available as part of the TCFD FY 2021-22 report. The targets will be updated in conjunction with the annual disclosure for the year ending 30 June 2023 (these will cover at least the Mediobanca S.p.A. and Mediobanca International (Luxembourg) SA loan books and investment portfolios). However, the ongoing project is geared primarily towards the decarbonization objectives for the whole Group's portfolios, and will contain additional interim targets for cutting portfolio emissions. With regard to the Group's remuneration policies and practices with the objective of promoting behaviours consistent with the approach adopted for climate and environmental risk, reference is made to the Group Remuneration Policy and Report published on the Bank's official website at www.mediobanca.com.

Mediobanca's Environmental Risk Management Framework is based on the Group ESG Policy, which defines the guidelines for integrating ESG criteria, and outlines the reference principles and the negative screening criteria (based also on assessments of the environmental risk posed by counterparties) and positive screening criteria applicable to lending, investment of own funds, and investment advice to clients. Methodologies have also been developed internally based on international standards (e.g. United Nations Environment Programme Finance Initiative - UNEP FI, Principles for Sustainable Insurance - PSI). Mediobanca has also created an ESG Heatmap, which serves to identify the potential risk in relation to ESG factors for the proprietary lending and investment portfolio in the Corporate and Investment Banking division.

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.

Mediobanca has also launched the process of defining a common ESG database to function as "single point of truth" in supporting the internal analysis/assessment activities, and to meet the regulatory reporting requirements.

2. SOCIAL

The Group integrates social risks into its business model and strategy by offering ESG products and adopting ESG policies. The latter are based on a combination of negative screening .e. criteria to identify and exclude parties involved in specific activities) and positive screening i.e. criteria to identify parties and/or assets which are assessed positively from an ESG standpoint. In March 2022 the Mediobanca Group also launched a cultural transformation process under the title "toDEI", with the objective of creating an even more inclusive working environment.

Mediobanca's social risk management framework is based on the Group ESG Policy and methodologies developed internally based on international standards (United Nations Environment Programme Finance Initiative - UNEP FI, Principles for Sustainable Insurance - PSI).

3. GOVERNANCE

Regarding the roles and responsibilities of the various directional and management committees on issues related to governance risk, reference is made to the first general part of the qualitative information contained in this section.

8.3 Quantitative information

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

Table 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 scope comprises exposures in equities, debt securities, and loans and advances to non-financial companies (NFC). In accordance with the requirements of the Implementing Technical Standards on prudential disclosures on ESG risks drawn up by the EBA, the disclosure requires such exposures to be sub-divided by sector, credit quality, outstanding duration and provisioning level.

In order to identify the exposures to non-financial companies excluded from EU Paris-aligned benchmarks (Template 1, column b), the Group has considered the requirements specified in Article 12(1), 1, letters d) to g), and Article 12(2), of Commission Delegated Regulation (EU) 2020/1818:

- Companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;
- Companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;
- Companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels;
- Companies that derive 50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO_2 e/kWh.

To identify these exposures, an initial scope of analysis has been defined by identifying those counterparties that perform activities in the sectors referred to above. Thereafter, inclusion in column b has been assessed on the basis of single-name analysis of the exposures and clients included in the scope.

In the absence of further information on counterparties' operations and data on the percentages of revenues and emissions intensity, the Group has decided to include clients operating in these sectors on prudential grounds.

In columns I, j and k the amount of greenhouse gas emissions financed (counterparties Scope 1, 2 and 3 emissions) is shown for each sector. A summary description of the methodological approach used to quantify the GHG emissions data for exposures to non-financial companies operating in the sectors shown in Table 1is provided below .As suggested by the TCFD Recommendations and as indicated by the ECB,[14] the calculation has been made based on the Global GHG Accounting and Reporting Standard for the Financial Industry (December 2022) compiled by the Partnership for Carbon Accounting Financials (PCAF), a detailed guide for financial institutions, developed in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

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

The scope of calculation does not include loans to non-financial counterparties for the purchase of real estate or vehicles (loans for such purposes fall within the "commercial real estate" and "motor vehicle loans" PCAF categories). As permitted by the regulations permitting the disclosure to be phased in gradually, the analysis has been compiled on a best efforts basis (columns i, j and k will become compulsory starting from 30 June 2024).

The calculation does include Scope 1, Scope 2 and Scope 3 of the counterparties' GHG emissions.

The data on counterparties' emissions has been provided by Sustainalytics: the data is disclosed publicly by the counterparties themselves and collected by the info-provider, or alternatively calculated by Sustainalytics by using a methodology which it has developed itself, based on the use of earnings indicators for the counterparties.

For counterparties that do not declare their emissions or whose emissions have not been estimated by Sustainalytics, GHG emissions are calculated according to the methodology advocated by the PCAF standard. In particular, emissions factors provided by the Partnership for Carbon Accounting Financials (PCAF Emission Factor Database) are used for each unit of turnover or assets (Mediobanca S.p.A. has adhered to the PCAF since February 2022. 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).

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 that verified emissions disclosed by the company are available) and 5 is the lowest score.

14 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.

Based on this scale of values, data provided by Sustainalytics and disclosed by the company is ranked in category 2; counterparty emissions calculated using the PCAF emission factors per unit of turnover are classified as category 4; and emissions estimated using a PCAF emission factor per unit of assets as category 5. Counterparty emissions estimated by Sustainalytics are classified as category 4.

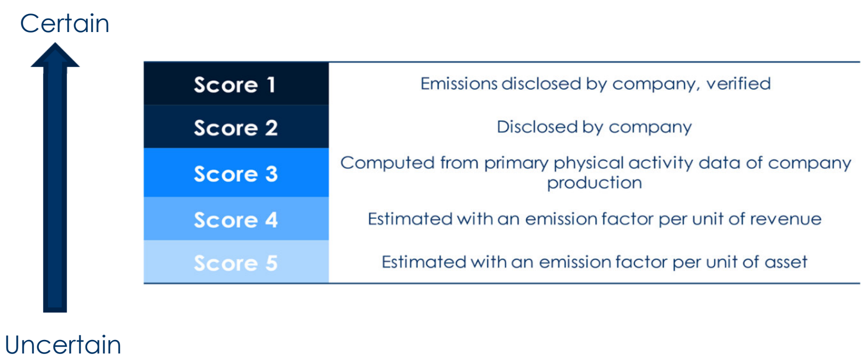

Figure adapted from the Global GHG Accounting and Reporting Standard for the Financial Industry di PCAF

The above categorization enables an overall data quality to be calculated as a weighted average based on the exposure to the individual counterparty, as provided by the 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, which are applied for all the counterparties' emission scopes:

1) If emissions data disclosed by the company or Sustainalytics are available, 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.

2) If the counterparty's emissions data is not available, but its EVIC and revenue are:

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

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

3) If the EVIC is unavailable, and nor are the counterparty's emissions or even its revenue:

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

The EVIC is obtained from Sustainalytics, and the company's revenue also in part from Sustainalytics and in part from other databases/providers.

The justification for using weightings in calculating the emissions "financed" lies in ensuring that the value of the emissions stated is consistent with the Bank's contribution to the overall financing of the various counterparties' balance-sheet structures.

As mentioned previously, the Mediobanca Group is very sensitive to environmental issues, and is committed to contributing to the development of environmentally sustainable business, including through ongoing monitoring of the emissions produced by the counterparties it finances, to assist them in their transition towards a more sustainable economy. Projects currently underway in this regard are also intended to improve and refine the methods used for calculating financed emissions, with the involvement of its own units and with suitable investments.

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

	Sector/subsector	a	b	c	d	e	f	g	h
		Gross carrying amount (Mln EUR)					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)		
			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***	**11,732,267**	**801,509**		**601,937**	**185,986**	**(169,074)**	**(31,175)**	**(100,941)**
2	**A - Agriculture, forestry and fishing**	32,438	—		609	1,646	(1,144)	(59)	(962)
3	**B - Mining and quarrying**	111,630	94,724		4	320	(81)	—	(4)
4	*B.05 - Mining of coal and lignite*	—	—		—	—	—	—	—
5	*B.06 - Extraction of crude petroleum and natural gas*	103,096	93,844		1	—	(58)	—	—
6	*B.07 - Mining of metal ores*	—	—		—	—	—	—	—
7	*B.08 - Other mining and quarrying*	7,653	—		3	319	(23)	—	(4)
8	*B.09 - Mining support service activities*	881	880		—	1	—	—	—
9	**C - Manufacturing**	4,929,868	23,526		355,319	25,097	(49,584)	(19,568)	(10,093)
10	*C.10 - Manufacture of food products*	274,984	—		20,614	2,324	(2,296)	(546)	(714)
11	*C.11 - Manufacture of beverages*	96,799	—		69	79	(376)	(7)	(33)
12	*C.12 - Manufacture of tobacco products*	9	—		—	8	—	—	—
13	*C.13 - Manufacture of textiles*	16,350	—		520	1,227	(715)	(44)	(573)
14	*C.14 - Manufacture of wearing apparel*	7,394	—		557	1,387	(539)	(46)	(467)
15	*C.15 - Manufacture of leather and related products*	14,630	—		424	494	(162)	(14)	(73)
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	15,272	—		4,412	628	(397)	(208)	(115)
17	*C.17 - Manufacture of pulp, paper and paperboard*	220,429	—		110	149	(910)	(12)	(19)
18	*C.18 - Printing and service activities related to printing*	11,777	—		275	1,018	(406)	(47)	(318)
19	*C.19 - Manufacture of coke oven products*	25,726	23,526		2,188	4	(126)	(53)	—
20	*C.20 - Production of chemicals*	289,923	—		49,105	129	(3,647)	(2,986)	(29)
21	*C.21 - Manufacture of pharmaceutical preparations*	534,575	—		57,521	4	(4,260)	(3,648)	—
22	*C.22 - Manufacture of rubber products*	53,374	—		260	1,509	(688)	(18)	(462)
23	*C.23 - Manufacture of other non-metallic mineral products*	182,302	—		69,892	990	(8,866)	(7,653)	(310)
24	*C.24 - Manufacture of basic metals*	70,687	—		2,746	499	(799)	(300)	(216)
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	167,036	—		7,757	4,442	(1,718)	(277)	(940)
26	*C.26 - Manufacture of computer, electronic and optical products*	209,221	—		77	191	(2,259)	(3)	(18)
27	*C.27 - Manufacture of electrical equipment*	244,560	—		27,910	531	(1,903)	(1,058)	(204)
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	619,074	—		38,264	5,611	(8,127)	(1,658)	(4,401)
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	1,537,969	—		19,562	365	(8,033)	(346)	(90)
30	*C.30 - Manufacture of other transport equipment*	66,325	—		50,857	234	(639)	(524)	(18)
31	*C.31 - Manufacture of furniture*	8,277	—		395	1,558	(492)	(33)	(430)
32	*C.32 - Other manufacturing*	224,376	—		416	1,134	(1,706)	(21)	(458)
33	*C.33 - Repair and installation of machinery and equipment*	38,799	—		1,388	582	(520)	(66)	(205)
34	**D - Electricity, gas, steam and air conditioning supply**	1,410,118	683,259		18,761	128	(2,951)	(247)	(20)
35	*D35.1 - Electric power generation, transmission and distribution*	886,533	296,902		2,490	88	(2,231)	(227)	(2)
36	*D35.11 - Production of electricity*	472,826	296,872		602	22	(1,131)	(208)	(1)
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	523,502	386,357		16,268	21	(717)	(18)	(17)
38	*D35.3 - Steam and air conditioning supply*	83	—		3	19	(3)	(2)	(1)
39	**E - Water supply; sewerage, waste management and remediation activities**	201,652	—		2,252	1,254	(868)	(105)	(640)
40	**F - Construction**	776,632	—		12,901	19,703	(10,210)	(875)	(7,521)
41	*F.41 - Construction of buildings*	265,873	—		7,971	13,166	(6,641)	(595)	(5,099)
42	*F.42 - Civil engineering*	303,497	—		778	838	(674)	(30)	(148)
43	*F.43 - Specialised construction activities*	207,262	—		4,152	5,699	(2,895)	(250)	(2,274)
44	**G - Wholesale and retail trade; repair of motor vehicles and motorcycles**	1,624,349	—		101,939	82,754	(61,934)	(5,687)	(49,887)
45	**H - Transportation and storage**	891,399	—		9,798	6,411	(5,061)	(291)	(2,542)
46	*H.49 - Land transport and transport via pipelines*	318,068	—		7,764	3,519	(1,411)	(172)	(768)
47	*H.50 - Water transport*	26,251	—		10	78	(300)	—	(19)
48	*H.51 - Air transport*	48,131	—		25	87	(702)	(4)	(33)
49	*H.52 - Warehousing and support activities for transportation*	431,187	—		1,464	2,351	(2,285)	(56)	(1,488)
50	*H.53 - Postal and courier activities*	67,762	—		535	376	(363)	(59)	(234)
51	**I - Accommodation and food service activities**	156,991	—		70,827	4,829	(5,303)	(2,846)	(1,658)
52	**L - Real estate activities**	1,597,190	—		29,527	43,844	(31,938)	(1,497)	(27,614)
53	**Exposures towards sectors other than those that highly contribute to climate change***	**8,355,651**	**—**		**160,879**	**102,291**	**(73,210)**	**(10,487)**	**(40,203)**
54	**K - Financial and insurance activities**	1,545,517	—		4,186	475	(9,968)	(3)	(190)
55	Exposures to other sectors (NACE codes J, M - U)	6,810,134	—		156,693	101,816	(63,242)	(10,484)	(40,013)
56	**TOTAL**	**20,087,918**	**801,509**		**762,816**	**288,277**	**(242,284)**	**(41,662)**	**(141,144)**

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

	Sector/subsector	i	j	k[15]	l[16]	M[6]	N[6]	O[6]	p
		GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
			Of which Scope 3 financed emissions						
1	**Exposures towards sectors that highly contribute to climate change***	**6,188,430**	**4,759,337**	**22.16%**	**10,563,839**	**720,141**	**166,379**	**281,908**	
2	**A - Agriculture, forestry and fishing**	11,155	3,398	—	20,745	11,316	377	—	4.24
3	**B - Mining and quarrying**	589,869	488,976	85.21%	111,163	317	150	—	2.54
4	*B.05 - Mining of coal and lignite*	—	—	—	—	—	—	—	—
5	*B.06 - Extraction of crude petroleum and natural gas*	586,342	487,988	90.98%	103,096	—	—	—	2.56
6	*B.07 - Mining of metal ores*	—	—	—	—	—	—	—	—
7	*B.08 - Other mining and quarrying*	1,819	659	—	7,187	317	149	—	2.54
8	*B.09 - Mining support service activities*	1,708	329	—	880	—	1	—	0.13
9	**C - Manufacturing**	2,759,481	2,225,316	13.27%	4,504,052	295,095	31,080	99,641	3.89
10	*C.10 - Manufacture of food products*	177,018	156,046	2.72%	270,919	3,468	597	—	2.74
11	*C.11 - Manufacture of beverages*	19,130	15,085	—	96,399	75	325	—	2.15
12	*C.12 - Manufacture of tobacco products*	—	—	—	7	—	2	—	4.93
13	*C.13 - Manufacture of textiles*	4,036	3,412	—	12,157	3,947	246	—	2.77
14	*C.14 - Manufacture of wearing apparel*	999	851	—	3,801	2,783	810	—	5.13
15	*C.15 - Manufacture of leather and related products*	3,141	2,955	0.01%	8,061	709	1,000	4,860	28.57
16	*C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials*	2,484	2,035	—	10,195	4,788	289	—	4.86
17	*C.17 - Manufacture of pulp, paper and paperboard*	67,743	43,650	—	125,792	3,240	101	91,296	33.75
18	*C.18 - Printing and service activities related to printing*	1,260	989	0.01%	7,683	1,642	2,452	—	5.50
19	*C.19 - Manufacture of coke oven products*	29,919	20,585	—	23,538	2,186	2	—	3.88
20	*C.20 - Production of chemicals*	220,093	189,136	36.26%	228,081	60,481	1,361	—	3.19
21	*C.21 - Manufacture of pharmaceutical preparations*	82,000	58,308	5.05%	528,647	5,925	3	—	3.35
22	*C.22 - Manufacture of rubber products*	15,323	13,592	—	38,750	14,425	199	—	3.21
23	*C.23 - Manufacture of other non-metallic mineral products*	366,913	86,768	—	168,129	13,858	315	—	2.70
24	*C.24 - Manufacture of basic metals*	58,324	36,956	—	66,186	4,431	70	—	1.02
25	*C.25 - Manufacture of fabricated metal products, except machinery and equipment*	48,662	44,341	—	135,844	16,381	14,517	294	3.62
26	*C.26 - Manufacture of computer, electronic and optical products*	25,156	20,865	0.46%	170,532	38,582	107	—	2.88
27	*C.27 - Manufacture of electrical equipment*	90,586	85,775	17.39%	238,205	4,029	2,326	—	3.29
28	*C.28 - Manufacture of machinery and equipment n.e.c.*	347,746	331,634	0.59%	543,085	72,418	3,571	—	3.66
29	*C.29 - Manufacture of motor vehicles, trailers and semi-trailers*	1,107,008	1,029,290	21.48%	1,517,656	20,187	126	—	0.62
30	*C.30 - Manufacture of other transport equipment*	16,870	13,760	85.24%	64,855	397	1,073	—	0.93
31	*C.31 - Manufacture of furniture*	1,626	1,340	—	5,713	2,196	368	—	4.11
32	*C.32 - Other manufacturing*	70,409	65,247	27.97%	222,681	1,352	343	—	3.70
33	*C.33 - Repair and installation of machinery and equipment*	3,035	2,696	—	17,136	17,595	877	3,191	10.95
34	**D - Electricity, gas, steam and air conditioning supply**	1,860,812	1,310,232	69.37%	1,362,096	9,555	18	38,449	3.96
35	*D35.1 - Electric power generation, transmission and distribution*	692,740	352,218	72.29%	839,256	8,814	14	38,449	5.36
36	*D35.11 - Production of electricity*	420,808	190,810	65.22%	426,471	7,896	10	38,449	9.07
37	*D35.2 - Manufacture of gas; distribution of gaseous fuels through mains*	1,168,010	957,993	64.44%	522,761	737	4	—	1.58
38	*D35.3 - Steam and air conditioning supply*	62	21	2.52%	79	4	—	—	1.33
39	**E - Water supply; sewerage, waste management and remediation activities**	278,774	247,886	64.14%	196,937	1,444	3,271	—	2.07
40	**F - Construction**	119,659	100,716	14.29%	720,040	40,592	16,000	—	3.54
41	*F.41 - Construction of buildings*	35,074	28,899	31.98%	225,222	28,053	12,598	—	3.89
42	*F.42 - Civil engineering*	54,748	47,983	—	302,493	767	237	—	2.89
43	*F.43 - Specialised construction activities*	29,837	23,834	18.16%	192,325	11,772	3,165	—	4.04
44	**G - Wholesale and retail trade; repair of motor vehicles and motorcycles**	260,462	208,727	19.17%	1,396,755	148,679	24,124	54,791	3.78
45	**H - Transportation and storage**	173,337	63,065	25.72%	838,893	48,384	4,122	—	2.29
46	*H.49 - Land transport and transport via pipelines*	38,257	19,077	18.28%	300,826	14,872	2,370	—	2.88
47	*H.50 - Water transport*	32,724	5,017	—	26,204	46	1	—	1.35
48	*H.51 - Air transport*	25,102	6,615	76.27%	42,637	5,489	5	—	2.77
49	*H.52 - Warehousing and support activities for transportation*	76,898	32,185	14.77%	402,013	27,443	1,731	—	2.10
50	*H.53 - Postal and courier activities*	356	171	97.56%	67,213	534	15	—	0.71
51	**I - Accommodation and food service activities**	44,828	42,053	—	128,561	19,686	8,744	—	3.64
52	**L - Real estate activities**	90,053	68,968	1.40%	1,284,597	145,073	78,493	89,027	5.08
53	**Exposures towards sectors other than those that highly contribute to climate change***				**7,290,945**	**769,602**	**81,196**	**213,908**	
54	**K - Financial and insurance activities**				1,375,440	116,428	31,571	22,078	3.74
55	Exposures to other sectors (NACE codes J, M - U)				5,915,505	653,174	49,625	191,830	3.86
56	**TOTAL**	**6,188,430**	**4,759,337**	**22.16%**	**17,854,784**	**1,489,743**	**247,575**	**495,816**	

15 The percentage is equal to 0 in all cases where reporting is not available for the specific companies.
16 Columns from L to O show the breakdown by outstanding life of the gross book value shown in column A.

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

Table 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.

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)*, split according to the geographical area where the collateral is located (i.e. EU or non-EU).

In this connection CheBanca!, whose scope represent more than 90% of the total exposures (approx. €11.9bn), has developed processes for obtaining energy certificates when new contracts are opened. It has also launched activities to obtain the energy certificates for buildings or properties securing loans already outstanding and included in the loan book, with the support of info-provider Cerved. In this way it has been possible to obtain EPC labels for properties used as collateral representing some 24% of the portfolio. For the remaining properties, for which it has not been possible to obtain EPC labels, the estimated energy efficiency values have been obtained again via info-provider Cerved, for properties used as collateral representing around 68% of the loan book.

For the remainder of the Group's real estate portfolio, it has been possible to obtain EPC labels for those properties of which ownership has been acquired. 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.

Activities have also been launched to obtain energy efficiency certificates for both new and outstanding loans (including the Monégasque real estate portfolio).

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

	counterpart sector	a[17]	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount 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[18]	
			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**	**13,097,421**	**4,386,710**	**5,426,566**	**861,395**	**538,872**	**215,523**	**165,759**	**358,096**	**170,071**	**181,266**	**371.184**	**516.076**	**608.289**	**713.388**	**10.179.051**	**85%**
2	Of which Loans collateralised by commercial immovable property	894,186	—	127,955	104,894	61,875	160,431	137,252	—	—	—	—	—	—	—	894.186	66%
3	Of which Loans collateralised by residential immovable property	12,133,586	4,358,953	5,263,585	753,970	476,697	54,510	27,105	351,816	170,071	164,960	332.226	512.505	606.039	713.155	9.282.814	87%
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	69,649	27,757	35,026	2,531	300	582	1,402	6,280	—	16,306	38.958	3.571	2.250	233	2.051	—
5	*Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated*[19]	8,676,454	3,282,282	4,361,400	372,594	362,427	160,431	137,320								8,676,454	100%
6	**Total non-EU area**	**21,609**	**9,544**	**8,987**	**296**	**1,560**	**—**	**—**	**111**	**1,150**	**49**	**1.097**	**223**	**1.877**	**306**	**16.796**	**93%**
7	Of which Loans collateralised by commercial immovable property	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
8	Of which Loans collateralised by residential immovable property	21,609	9,544	8,987	296	1,560	—	—	111	1,150	49	1.097	223	1.877	306	16.796	93%
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*[20]	15,573	8,097	5,737	180	1,560	—	—								15,573	100%

17 The gross book value stated in column (a) is aligned with the figure included in the Finrep reporting.
18 Per le garanzie immobiliari di CheBanca! non dotate di etichetta EPC (10,9 miliardi sugli 11,1 del Gruppo) la Banca si è dotata di una metodologia di stima che consente di determinare le classi energetiche da A a G di oltre il 90% di tale portafoglio (come riportato nelle righe 5 e 10 della colonna (o).
19 La riga 5 è un di cui della somma delle righe 2, 3, e 4.
20 La riga 10 è un di cui della somma delle righe 7, 8, e 9.

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

As stated in the TCFD report published in September 2022, Mediobanca has estimated the impact of climate transition risk on the corporate loan books of Mediobanca S.p.A. and Mediobanca International (Luxembourg) SA as at end-2021, measuring the degree of alignment (current and future) in order to reach net-zero CO_2 emissions by 2050.

The portfolios analysed represent approx. 90% of the Group's exposure in terms of loans to Corporate and Financial Institution counterparties, with a particular focus on the electricity generation and automotive sectors.

Mediobanca will repeat the portfolio alignment exercise when it draws up the TCFD Report for FY 2022-23, which will cover at least the Mediobanca S.p.A. and Mediobanca International (Luxembourg) SA lending and investment portfolios. However, the project currently being pursued is geared towards extending the portfolio decarbonization targets to cover the whole Group, and will include further intermediate targets to reduce the portfolio of emissions (at least one other sector will be covered).

Having regard to the phase-in period permitted by the Basel III Pillar III ITS, the Mediobanca Group has decided not to publish Template 3 with the data as at 31 December 2022; the information will be published in the Basel III Pillar III Disclosure to the public as at end-June 2023.

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

The Group's exposures to the world's top 20 high carbon-intensity companies regard those to the 20 highest-polluting companies in the world, and to companies belonging to the same economic group as one of the top 20 (as recently clarified by Q&A 2022_6536 published on 19 February 2023).

The Mediobanca Group has two exposures outstanding, both to subsidiaries owned by companies in the top 20. These account for 0.04% of the Group's total financing. Of these two exposures, one regards a factoring transaction executed in February 2023 (for approx. €10m), while the other (approx. €16m) was already on the Group's loan book as at 30 June 2022 (when it involved approx. €20m).

The lists used to identify such exposures are as follows:

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

Both lists are attached to this document.

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

	a	b	c	d	e
	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1	26,672.33	0.04%	0	2.266	2

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

Information is provided 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 risk (chronic and acute risks) in relation to climate. In line with the TCFD recommendations, the counterparties have been aggregated by sector of economic activity (NACE classification) and by geographic area (with detail for Italy and the Rest of the World) into two macro-categories: Non-Financial Corporates and Guaranteed by Properties.

Loans guaranteed by properties

The Group's loans guaranteed by properties are concentrated almost exclusively on the domestic market, with approx. 46% located in Northern Italy, 28% in Central Italy, 18% in Southern Italy, and 10% 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 based on geographical location and risk maps of the principal physical risk factors relevant for Italy.

For this purpose, the "flooding" and "landslide" risk factors have been considered, as these are by far the two most common climate change physical risk factors found in Italy. Both these risk factors have been classified conventionally, as "acute" physical risk (hence no "chronic" physical risk factor has been considered for the properties). The geographical risk maps provided by ISPRA (*Istituto Superiore per la Protezione and la Ricerca Ambientale*) have been used, along with the respective risk classes which together already incorporate all elements of chronic physical risk provided for in the EBA taxonomy.[21]

All properties located in towns and cities for which the ratio between the total surface area (in km^2) of the town or city classified in P3 (area at the highest risk of flooding) and the total surface area of the town or city itself is above 12%, or the 85th percentile for the distribution of this ratio for all Italian towns and cities have been classified as exposed to the physical risk of "flooding". All properties located in towns and cities for which the ratio between the total surface area (in km^2) of the town or

21 Considering acute physical risk as a single risk factor is also consistent with recent comments made by the ECB: "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).

city classified in all risk areas AA, P1, P2, P3 and P4 and the total surface area of the town or city itself is higher than 15%, have been classified as exposed to the physical risk of "landslides".

Exposures to Non-Financial Corporates

To classify counterparties exposed to physical risks, a methodology has been adopted that allows a distinction to be made between physical chronic and acute risks, by adopting a methodological approach which differs according to the type of corporate, which are distinguished into two categories:

- "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;
- "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 small business, direct and geographically localized physical risk is more relevant. This latter grouping consists almost entirely of Italian counterparties.

The identification of counterparty types has been made on a simplified basis, based on company revenues: all companies with revenues of above €50m have been treated as "Global" Connected Corporate Counterparties, and all those with revenues below this figure as "Local" Small Business Counterparties.

The "Global" Connected Corporate Counterparties have been classified as exposed to acute or chronic 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, distinguishing between acute and chronic physical risk factors. This methodology is based on the application of two damage functions,[22] one for chronic physical risk and the other for acute physical risk, both expressed in terms of GDP loss rates (the only estimates currently available for the impacts of physical risks are all expressed in macroeconomic terms); these loss rates are then rescaled relative to the individual companies, using a transformation function that translates a macroeconomic impact estimate into a microeconomic impact estimate calibrated according to the specific degree of exposure to physical risks of the company concerned.

The impacts of the two damage functions are determined by considering the average values estimated over a 15-year time horizon, which is considered an adequate period to detect potential climate changes and at the same time reflect the uncertainty of the future trends in climate change risk, in line with the EBA Guidelines.[23]

The climate scenarios have been taken from the new data released in October 2022 (Release 3.4 - 14 October 2022), the NGFS database, which provides a series of climate scenarios along with the trends in global temperatures and GDP expected over extremely long time horizons. Two scenarios have been considered in order to estimate the impacts: Net Zero 2050 and Current Policies, weighted according to weightings established subjectively based on their lesser/greater likelihood of occurrence.

The objective of the transformation function[24] is to convert the damage function's loss rates expressed in terms of GDP into revenues lost at the individual company level. 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.

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22 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 is constructed based on the impacts associated with the climate scenarios considered. To this end, the new estimates released by the NGFS in October 2022 have been used.
The damage function for acute physical risks captures the impacts deriving from acute extreme physical events. For the first time, as from October 2022 the NGFS scenarios include the estimates of the macroeconomic impact linked to acute physical risks as far as 2050. Hence for the construction of the damage function linked to acute physical risks too, the new NGFS estimates have been used, based on the following criteria: "There are four main steps to the acute physical risk estimation: (1) Determination of historical shocks based on the recorded past impacts of weather-related extreme events relative to GDP (calculated from a combination of economic damages from extreme events sourced from the EM-DAT database); (2) use the average historical impacts to GDP to calibrate the necessary supply and demand shocks needed; (3) combination of the calibrated demand and supply shocks using a Monte Carlo stochastic trial alongside a set of future multipliers inspired by the modelled CLIMADA-based projections found in the Climate Impact Explorer (CIE); (4) determination of the final values to use for the single extreme event path to be used in the NGFS stacked series of shocks for each scenario based on the resulting confidence bounds."

23 "(…) 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_6536.

24 The transformation function takes two factors into consideration:

- The first factor (Physical Risk Sensitivity) serves to establish whether the company will record a greater or smaller loss than the general loss of GDP in the relevant geographical area as a function of its particular sensitivity to physical risk. This is determined based on the company's positioning, or ranking, in its reference geographical area relative to the value of an indicator that serves as a driver for the degree of exposure to physical risk. The indicator used for this purpose is physical capital intensity per employee, based on the rationale that the higher the physical capital intensity is (fixed tangible assets and inventory stocks), the higher the company's degree of exposure to physical risks will be.
- The second factor (Physical Risk Scaling Factor) serves to translate the loss rate into a loss in value terms based on the company's size and its value added, as the latter represents precisely the contribution of each individual company to a country's GDP, or, more generally, that of a geographical area. This naturally implies that, all other conditions being equal, the higher a company's value added, the greater the loss it can expect to make versus a given reduction in GDP.

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. For the "flooding" and "landslides" risks, the approach is entirely similar to the one adopted for properties: based on ISPRA data at the level of town or city, all counterparties resident in towns or cities where the number of (as opposed than the surface area in km^2 in this case) located in zones at risk exceeds the relevant threshold are classified as being exposed to these kinds of physical risks.

By contrast, the methodology used for "drought" risk concentrates exclusively on the segment of Italian firms operating in the agriculture, livestock and construction sectors, and is based on the WEI+ indicator (Water Exploitation Index Plus), an indicator which represents the pressure exerted by human activity on natural water resources in a given area and over a given time horizon. The WEI+ indicator takes river basin districts as their reference geographical areas, and in Italy these districts represent like-for-like geographical areas in terms of their degree of exposure to drought risk. In practice, all Local "Small" Businesses operating in sectors sensitive to drought conditions and resident in river basin districts for which the quarterly WEI+ indicator has exceeded the level of 30% on one occasion in the last 25 years (this is the figure considered to represent the warning level for water stress) are classified as being exposed to drought 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 at the level of province (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). 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. Therefore those provinces that have the highest probability of having higher temperatures (for example, Catania, Syracuse, Cagliari, Salerno, Reggio Emilia), will reflect a higher impact in terms of GDP reduction, and so, all other conditions being equal, higher losses at the individual company level.

Template 5: Banking book – Physical risk in relation to climate change: Exposures subject to physical risk (all countries) (1/3)

	a	b[25]	c	d	e	f	g	h	i	j	k	l	m	n	o
	All countries	Gross carrying amount (Mln EUR)													
			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	32,438	7,265	306	22	—	2	3,063	2,902	1,628	394	302	(172)	(45)	(85)
2	B - Mining and quarrying	111,630	97,050	—	25	—	3	93,938	725	2,412	1	179	(65)	—	(4)
3	C - Manufacturing	4,929,868	1,136,328	45,073	9,040	209,839	7	1,048,481	61,876	289,923	171,354	3,162	(13,288)	(6,290)	(1,057)
4	D - Electricity, gas, steam and air conditioning supply	1,410,118	748,124	4,171	5	—	2	719,925	1,152	31,223	3	9	(1,746)	—	(1)
5	E - Water supply; sewerage, waste management and remediation activities	201,652	51,389	623	3,554	—	2	46,766	6,199	2,601	1,424	385	(269)	(37)	(174)
6	F - Construction	776,632	193,043	14,394	3,778	—	4	18,528	30,254	162,433	6,215	1,692	(1,467)	(397)	(584)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,624,349	230,029	60,417	4,861	—	3	224,775	18,801	51,731	11,259	3,625	(3,330)	(286)	(1,508)
8	H - Transportation and storage	891,399	288,385	1,649	1,219	—	2	160,869	8,039	122,345	4,052	804	(870)	(84)	(258)
9	L - Real estate activities	1,597,190	78,974	35,868	3,097	13,914	6	9,274	99,244	23,335	4,617	8,453	(7,923)	(649)	(6,699)
10	Loans collateralised by residential immovable property	12,155,195	51,361	230,974	1,119,730	1,513,598	20	—	2,915,663	—	207,077	53,021	(43,306)	(12,637)	(29,202)
11	Loans collateralised by commercial immovable property	894,186	113,130	156,116	92,670	76,773	11	—	438,689	—	105,523	19,754	(24,850)	(10,215)	(13,608)
12	Repossessed collaterals	69,649	—	—	—	—	—	—	10,534	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)	8,512,642	1,735,186	50,055	2,440	85,236	4	1,282,413	42,641	547,863	62,136	54,534	(35,340)	(2,752)	(26,579)
14	*J - Information and Communication*	*1,479,164*	*493,326*	*604*	*614*	*25,553*	*4*	*410,464*	*1,790*	*107,843*	*54,938*	*708*	*(5,686)*	*(2,460)*	*(313)*
15	*M- Professional, scientific and technical activities*	*3,392,733*	*756,320*	*36,850*	*236*	*9,150*	*4*	*705,036*	*25,031*	*72,489*	*2,176*	*226*	*(1,469)*	*(50)*	*(61)*
16	*N - Administrative and support service activities*	*1,467,093*	*251,835*	*5,272*	*818*	*52*	*1*	*17,818*	*4,351*	*235,808*	*3,033*	*1,190*	*(1,004)*	*(99)*	*(578)*

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

Template 5: Banking book – Physical risk in relation to climate change: Exposures subject to physical risk (Italy) (2/3)

	a	b[26]	c	d	e	f	g	h	i	j	k	l	m	n	o
	Italy	Gross carrying amount (Mln EUR)													
			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	29,928	7,265	306	22	—	2	3,063	2,902	1,628	394	302	(172)	(45)	(85)
2	B - Mining and quarrying	8,109	3,264	—	25	—	1	152	725	2,412	1	179	(9)	—	(4)
3	C - Manufacturing	2,942,623	1,003,528	34,640	3,064	209,839	8	924,479	61,876	264,716	123,050	3,162	(9,254)	(3,192)	(1,057)
4	D - Electricity, gas, steam and air conditioning supply	1,337,705	714,264	4,171	5	—	2	686,065	1,152	31,223	3	9	(1,516)	—	(1)
5	E - Water supply; sewerage, waste management and remediation activities	201,652	51,389	623	3,554	—	2	46,766	6,199	2,601	1,424	385	(269)	(37)	(174)
6	F - Construction	384,699	84,699	14,394	3,778	—	3	18,528	30,254	54,089	6,215	1,692	(1,415)	(397)	(584)
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	964,054	230,029	60,417	4,861	—	3	224,775	18,801	51,731	11,259	3,625	(3,330)	(286)	(1,508)
8	H - Transportation and storage	574,416	231,599	1,649	1,219	—	2	120,078	8,039	106,350	4,052	804	(623)	(84)	(258)
9	L - Real estate activities	608,222	78,974	35,868	3,097	13,914	6	9,274	99,244	23,335	4,617	8,453	(7,923)	(649)	(6,699)
10	Loans collateralised by residential immovable property	11,778,813	51,361	230,974	1,119,730	1,513,598	20	—	2,915,663	—	207,077	53,021	(43,306)	(12,637)	(29,202)
11	Loans collateralised by commercial immovable property	862,050	113,130	156,116	92,670	76,773	11	—	438,689	—	105,523	19,754	(24,850)	(10,215)	(13,608)
12	Repossessed collaterals	69,649	—	—	—	—	—	—	10,534	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)	4,280,466	1,392,505	50,055	2,440	34,703	4	1,093,663	42,641	343,399	62,136	4,052	(8,815)	(2,752)	(1,338)
14	*J - Information and Communication*	*884,426*	*428,740*	*604*	*614*	*25,553*	*4*	*410,464*	*1,790*	*43,257*	*54,938*	*708*	*(5,565)*	*(2,460)*	*(313)*
15	*M- Professional, scientific and technical activities*	*2,662,709*	*663,310*	*36,850*	*236*	*9,150*	*4*	*612,026*	*25,031*	*72,489*	*2,176*	*226*	*(1,274)*	*(50)*	*(61)*
16	*N - Administrative and support service activities*	*543,560*	*237,832*	*5,272*	*818*	*—*	*1*	*17,766*	*4,351*	*221,805*	*3,033*	*1,190*	*(966)*	*(99)*	*(578)*

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

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

	a	b[27]	c	d	E	f	g	h	i	j	k	l	m	n	o
	Rest of world	Gross carrying amount (Mln EUR)													
			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	2,510	—	—	—	—	—	—	—	—	—	—	—	—	—
2	B - Mining and quarrying	103,521	93,786	—	—	—	3	93,786	—	—	—	—	(56)	—	—
3	C - Manufacturing	1,987,245	132,800	10,433	5,976	—	2	124,002	—	25,207	48,304	—	(4,034)	(3,098)	—
4	D - Electricity, gas, steam and air conditioning supply	72,413	33,860	—	—	—	2	33,860	—	—	—	—	(230)	—	—
5	E - Water supply; sewerage, waste management and remediation activities	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	F - Construction	391,933	108,344	—	—	—	5	—	—	108,344	—	—	(52)	—	—
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	660,295	—	—	—	—	—	—	—	—	—	—	—	—	—
8	H - Transportation and storage	316,983	56,786	—	—	—	2	40,791	—	15,995	—	—	(247)	—	—
9	L - Real estate activities	988,968	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Loans collateralised by residential immovable property	376,382	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Loans collateralised by commercial immovable property	32,136	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Repossessed collaterals	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Other relevant sectors (breakdown below where relevant)	4,232,176	342,681	—	—	50,533	5	188,750	—	204,464	—	50,482	(26,525)	—	(25,241)
14	*J - Information and Communication*	*594,738*	*64,586*	—	—	—	*2*	—	—	*64,586*	—	—	*(121)*	—	—
15	*M- Professional, scientific and technical activities*	*730,024*	*93,010*	—	—	—	*4*	*93,010*	—	—	—	—	*(195)*	—	—
16	*N - Administrative and support service activities*	*923,533*	*14,003*	—	—	*52*	*1*	*52*	—	*14,003*	—	—	*(38)*	—	—

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

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

	TOTAL	Gross carrying amount (Mln EUR)		Physical risk/ Gross carrying amount (%)
			of which exposures sensitive to impact from climate change physical events	
1	A - Agriculture, forestry and fishing	32,438	7,593	23.4%
2	B - Mining and quarrying	111,630	97,075	87.0%
3	C - Manufacturing	4,929,868	1,400,280	28.4%
4	D - Electricity, gas, steam and air conditioning supply	1,410,118	752,300	53.4%
5	E - Water supply; sewerage, waste management and remediation activities	201,652	55,566	27.6%
6	F - Construction	776,632	211,215	27.2%
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	1,624,349	295,307	18.2%
8	H - Transportation and storage	891,399	291,253	32.7%
9	L - Real estate activities	1,597,190	131,853	8.3%
10	Loans collateralised by residential immovable property	12,155,195	2,915,663	24.0%
11	Loans collateralised by commercial immovable property	894,186	438,689	49.1%
12	Repossessed collaterals	69,649	—	—
13	Other relevant sectors (breakdown below where relevant)	8,512,642	1,872,917	22.0%
14	*J - Information and Communication*	*1,479,164*	*520,097*	*35.2%*
15	*M- Professional, scientific and technical activities*	*3,392,733*	*802,556*	*23.7%*
16	*N - Administrative and support service activities*	*1,467,093*	*257,977*	*17.6%*

The total exposures sensitive to physical events related to climate risk amount to 4,280,160 for Italy and 835,199 for the rest of the world, representing 37.8% and 9.5% of the total gross book value of their respective geographical areas.

Templates 6, 7, 8, 9 (disclosures on GAR and BTAR)

These templates are intended to present exposures that are considered to be sustainable (i.e. Taxonomy-aligned) and to provide information on the Green Asset Ratio (GAR) other KPIs required by the regulations.

Mediobanca Group will publish templates "6 – Summary of KPIs on the Taxonomy-aligned exposures", "7 - Mitigating actions: Assets for the calculation of GAR", and "8 – GAR (%)" starting from the disclosure as at end-December 2023, as permitted by the phase-in provisions (*Annex XL - Instructions for disclosure of ESG risks)*. Table "9 – Mitigating actions: BTAR" will be published from the disclosure as at 30 June 2024, in line with the regulatory requirements.

The Group is currently developing the methodologies and data collection and calculation processes for the Taxonomy-aligned assets towards the Climate Change Mitigation (CCM) and Climate Change Adaptation (CCA) objectives so as to be able to publish the templates and the related KPIs in the next Pillar III ESG disclosures.

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

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

In view of the fact that the process for identifying Taxonomy-aligned is still being developed, as the reporting on such exposures will become mandatory only starting from end-December 2023, for the purposes of this disclosure, all the mitigation activities have been considered, including those that could be Taxonomy-aligned, and which will therefore be included in the GAR or BTAR templates as from end-December 2023 and end-June 2024 respectively.

The scope of the exposures considered includes green and sustainable-linked loans worth a total amount of some €1.9bn. The entire scope is made up as follows:

— Sustainable-linked loan with favourable terms linked to climate KPIs (e.g. energy efficiency and emissions reductions), worth approx. €1.3bn.
— Green mortgages to acquire properties in energy class A or B, for approx. €0.5bn.
— Loans to acquire hybrid and electric vehicles, for approx. €36m.
— Loans to instal photovoltaic panels, for approx. €23m.

— Acquisition of tax credits to provide renewable energy, for approx. €137m.

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 to the counterparties, directly or indirectly, to improve their energy efficiency and reduce GHG emissions. As such, they may be considered as mitigation actions for chronic physical risk in relation to changes in temperature and for transition risk, in line with the Paris Agreement, the objective of which is to control rising temperatures.

As already mentioned, the data shown in the template will refer, once the phase-in period permitted by the regulations has ended, to all exposures considered to be green, even if they are not Taxonomy-aligned, and based on the analysis performed to date, such exposures should be relatively limited in size.

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), and liquidity risk.

Template EU AE1 - Encumbered and unencumbered assets (1/2)

		Carrying amount of encumbered assets		Fair value of encumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA
		010	030	040	050
010	**Assets of the reporting institution**	**30,593,385**	**6,265,707**		
030	Equity instruments	987,105	224,076	987,105	224,076
040	Debt securities	7,470,802	5,839,615	7,372,549	5,789,724
050	of which: covered bonds	—	—	—	—
060	of which: asset-backed securities	62,153	5,810	62,152	5,808
070	of which: issued by general governments	5,879,145	5,816,608	5,789,557	5,766,685
080	of which: issued by financial corporations	1,447,924	12,241	1,442,063	12,238
090	of which: issued by non-financial corporations	241,288	17,395	241,187	17,431
120	Other assets	22,064,398	—		

Template EU AE1 - Encumbered and unencumbered assets (2/2)

		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which EHQLA and HQLA		of which EHQLA and HQLA
		060	080	090	100
010	**Assets of the reporting institution**	**60,415,982**	**2,789,873**		
030	Equity instruments	1,751,874	331,865	1,739,241	331,865
040	Debt securities	4,863,264	2,122,687	4,574,961	2,130,099
050	of which: covered bonds	54,872	54,872	55,472	55,472
060	of which: asset-backed securities	1,084,350	—	1,077,791	—
070	of which: issued by general governments	2,285,587	2,036,567	2,072,572	2,041,620
080	of which: issued by financial corporations	2,138,411	82,360	2,060,167	84,020
090	of which: issued by non-financial corporations	337,826	564	336,116	564
120	Other assets	53,470,118	4,584		

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**	**5,127,754**	**4,006,285**	**279,641**	**107,048**
140	Loans on demand	—	—	—	—
150	Equity instruments	294,787	37,030	43,926	17,394
160	Debt securities	4,546,914	3,956,481	237,082	84,878
170	of which: covered bonds	—	—	—	—
180	of which: asset-backed securities	—	—	92,023	—
190	of which: issued by general governments	3,956,556	3,956,481	102,587	84,477
200	of which: issued by financial corporations	590,906	—	110,856	—
210	of which: issued by non-financial corporations	—	—	—	—
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**	**—**	**—**	**138,253**	**—**
241	**Own covered bonds and securitisation issued and not yet pledged**			**—**	**—**
250	**Total collateral received and own debt securities issued**	**35,435,086**	**10,271,992**		

Template EU AE3 - Sources of encumbrance

		12/31/2022	
		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered
		010	030
010	**Carrying amount of selected financial liabilities**	**26,932,366**	**33,020,396**

The Group's Asset Encumbrance Ratio as at 31 December 2022 stood at 37.18%, higher than at end-December 2021 (35.49%).

It should be noted that this is a point-in-time ratio with no time structure – short-term back-to-back activity (never more than three months and typically less than two) represents more than 3 of the 37.18 total percentage points; this short-term activity is carried out as back-to-back funding 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 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), used in funding transactions with the European Central Bank;
- Balance-sheet assets, whether loans or securities, used as collateral in funding transactions, including through investment vehicles;
- Default funds and initial margins paid to CCPs in respect of trading in derivative instruments, and margins of change versus CCPs and market counterparties;
- Balance-sheet assets – typically securities – used in repos or reverse repos i which the Bank is acting as lender;
- Balance-sheet assets, whether loans or securities used in specific 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 mismatch between underlying 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 mismatch between underlying and counterparty, a specific and more prudent counterparty risk calculation methodology is adopted which relates the counterparty's default to that of the collateral's issuer.

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

As at the reference date, the portfolio contained no deals featuring wrong-way risk.

Valuation adjustment (CVA-DVA)

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.

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 €26.7m (as at 31 December 2022).

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

10.1 Counterparty risk – Standard 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, 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 Lending and Underwriting 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)	—	183		1.4	256	256	256	256
EU-2	EU - Simplified SA-CCR (for derivatives)	9,951	3,219		1.4	18,438	18,438	18,438	3,688
1	SA-CCR (for derivatives)	583,864	601,571		1.4	2,272,442	1,798,026	1,656,022	577,079
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)					6,934,505	3,196,698	3,196,684	976,171
5	VaR for SFTs					—	—	—	—
6	**Total as at 31 December 2022**					**9,225,642**	**5,013,418**	**4,871,400**	**1,557,194**
	Total as at 30 June 2022					**9,717,244**	**5,114,955**	**5,029,927**	**1,242,648**

Template EU CCR2 - CVA capital charge

		12/31/2022		06/30/2022	
		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 standardised method**	942,886	376,659	1,808,624	373,402
EU-4	Based on the original exposure method	—	—	—	—
5	**Total subject to the CVA capital charge**	**942,886**	**376,659**	**1,808,624**	**373,402**

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

		Classes of credit worthiness (Weighting Factors)					
	Exposure classes	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	—	81,344	—	—	3,303,993	38,510
7	Corporates	—	—	—	—	18,438	994,455
8	Retail	—	—	—	—	—	—
9	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
10	Other items	—	—	—	—	—	—
11	**Total as at 31 December 2022**	**—**	**81,344**	**—**	**—**	**3,322,431**	**1,032,965**
	Total as at 30 June 2022	**4,664**	**79,762**	**—**	**—**	**4,227,438**	**197,233**

Template EU CCR3 - Standardised 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	—	—	85	—	—	85
2	Regional governments or local authorities	—	—	—	—	—	—
3	Public sector entities	—	—	110	—	—	110
4	Multilateral development banks	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—
6	Institutions	—	—	1,653	—	—	3,425,499
7	Corporates	—	—	184,706	—	—	1,197,599
8	Retail	—	360	—	—	—	360
9	Institutions and corporates with a short-term credit assessment	—	—	—	—	—	—
10	Other items	—	—	—	—	—	—
11	**Total as at 31 December 2022**	**—**	**360**	**186,554**	**—**	**—**	**4,623,653**
	Total as at 30 June 2022	**—**	**118**	**73,655**	**—**	**—**	**4,582,870**

Template EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale

As at 31 December 2022, 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. 3.8% of the total RWAs for this regulatory segment.

		a	b	c	d	e	f	g
Rating Class	PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity	RWEA	Density of risk weighted exposure amount
Corporates - Other	0.00 to <0.15	66,579	0.0835 %	11	48.6079 %	2	20,334	30.5407 %
	0.15 to <0.25	26,287	0.1553 %	15	45.1836 %	2	10,677	40.6163 %
	0.25 to <0.50	241,030	0.3771 %	53	45.6764 %	2	156,031	64.7353 %
	0.50 to <0.75	—	—	—	—	—	—	—
	0.75 to <2.50	33,970	0.8953 %	10	45.1555 %	2	31,956	94.0711 %
	2.50 to <10.00	7,476	2.8122 %	5	45.0000 %	2	9,998	133.7310 %
	10.00 to <100.00	—	—	—	—	—	—	—
	100.00 (Default)	506	100.0000 %	1	53.3400 %	2	—	—
	Sub-total	**375,848**	**0.5390 %**	**95**	**46.1110 %**	**2**	**228,995**	**60.9277 %**
	Total	**569,819**	**0.4531 %**	**96**	**34.2858 %**	**2**	**253,173**	**44.4305 %**

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

		a	b	c	d
		Collateral used in derivative transactions			
Collateral type		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	—	286,435	70,760	1,020,938
2	Cash – other currencies	—	397,658	—	106,170
3	Domestic sovereign debt	—	—	62,597	238,377
4	Other sovereign debt	867	27,177	77,620	—
5	Government agency debt	—	—	73,035	—
6	Corporate bonds	—	—	—	—
7	Equity securities	—	—	—	—
8	Other collateral	—	—	—	—
9	**Total as at 31 December 2022**	**867**	**711,270**	**284,011**	**1,365,484**
	Total as at 30 June 2022	**33,549**	**722,926**	**318,454**	**1,218,236**

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

		e	f	g	h
Collateral type		Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	—	2,436	—	—
2	Cash – other currencies	—	—	—	—
3	Domestic sovereign debt	—	139,795	—	860,115
4	Other sovereign debt	—	—	—	—
5	Government agency debt	—	—	—	—
6	Corporate bonds	—	92,865	—	3,700,596
7	Equity securities	—	148,666	—	744,552
8	Other collateral	—	—	—	2,806,972
9	**Total as at 31 December 2022**	**—**	**383,762**	**—**	**8,112,234**
	Total as at 30 June 2022	**—**	**575,494**	**—**	**7,493,545**

Template EU CCR6 – Credit derivatives exposures

		12/31/2022		06/30/2022	
		a	b	a	b
		Protection bought	Protection sold	Protection bought	Protection sold
NOTIONALS					
1	Single-name credit default swaps	352,568	2,024,390	794,459	1,590,173
2	Index credit default swaps	22,875,229	7,415,380	18,314,203	6,364,759
3	Total return swaps	—	—	—	—
4	Credit options	80,000	—	—	—
5	Other credit derivatives	4,758,180	13,160	6,686,942	13,160
6	**Total notionals**	**28,065,977**	**9,452,931**	**25,795,603**	**7,968,092**
FAIR VALUE					
7	Positive fair value (asset)	76,749	101,522	199,685	30,502
8	Negative fair value (liability)	(270,012)	(29,018)	(96,013)	(81,776)

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

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

Template EU CCR8 – Exposures to CCPs

		12/31/2022		06/30/2022	
		a	b	a	b
		Exposure value	RWEA	Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**5,320**		**4,623**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	85,662	2,491	79,919	1,627
3	(i) OTC derivatives	74,285	1,885	37,848	785
4	(ii) Exchange-traded derivatives	—	—	—	—
5	(iii) SFTs	11,377	606	42,072	841
6	(iv) Netting sets where cross-product netting has been approved	—	—	—	—
7	Segregated initial margin	208,982		237,928	
8	Non-segregated initial margin	—	—	—	—
9	Prefunded default fund contributions	131,615	2,829	126,596	2,996
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

The Group has implemented specific activities aimed at defining and meeting the necessary requirements for correctly applying Credit Risk Mitigation (CRM) techniques, to maximize the effect of mitigation on the real and financial guarantees for loans, and to obtain a positive impact on the Group's capital requirements.

Netting policies and processes for on- and off-balance-sheet transactions

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.

Policies and processes for valuing and managing real guarantees

In performing lending operations, the Group commonly acquires guarantees which are typical of banking activity, principally as real guarantees over financial instruments and properties as described below:

- 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;
- Pledge guarantees – pledge guarantees are valued on the basis of their real value, in the sense of market value for financial instruments listed on a regulated market, or presumed realization value in other cases. This value is then revised to reflect prudential margins, which vary according

to the financial instrument used as the collateral in accordance with the provisions of regulatory requirements.

Main types of guarantors and counterparties in credit derivative transactions and their credit rating

The Group uses leading market counterparties to hedge credit derivative exposures.

Information on market or credit risk concentrations in connection with Credit Risk Mitigation techniques adopted

As at 31 December 2022, 58% (or €5bn) of the guarantees received involved securities and cash in connection with securities financing transactions which are recorded among real financial guarantees. At 30 June 2022 the same ratio was 47% (€5bn).

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	43,978,728	24,726,052	23,058,633	1,667,419	—
2	Debt securities	7,706,988	634,887	—	634,887	
3	**Total as at 31 December 2022**	**51,685,716**	**25,360,939**	**23,058,633**	**2,302,306**	**—**
4	*of which non-performing exposures*	*480,697*	*125,119*	*120,264*	*4,855*	—
EU-5	*of which defaulted*	*480,697*	*125,119*	*120,264*	*4,855*	—

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

Section 12 – Securitizations

The Group acts primarily as investor in third-party issues, in particular as sponsor in some securitizations which results in a share of the securities being held for retention purposes (Belvedere SPV S.r.l. and Cartesian Residential Mortgages Blue S.A.); the Risk Management unit and front office teams perform ongoing monitoring of reporting flows on the underlying portfolio for which up-to-date reporting is continuously available.

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 regulatory sources introduce definitions of simple, transparent and standardized securitizations (STS) which 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 available (or deduced)). 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 €1,113.6m, €892.3 of which as part of the banking book and €221.2 as part of the trading book (€1,021.2m and €261.3m as at 30 June 2022 respectively). The exposures were virtually unchanged since the balance-sheet date, and a large chunk of the banking book securities is due primarily to the senior tranche (€569.7m) of a securitization with a portfolio of non-performing loans originated by an Italian bank as the underlying instrument (rated A2 by Moody's and Alow DBRS), which obtained state backing (GACS) during the six months under review.

The banking book's value stands at €892.3m (€1,021.2m), the majority of which are senior securities, most of which have NPLs as the underlying instrument (€586.3m, down €117.3m in the six months, following the first refunds from the GACS deal last year, plus and an increase in the provisioning of €3.7m), and CLOs (€258.9m). The share of positions taken in mezzanine and junior tranches remains stable and low, at €3.5m and €0.5m respectively. The difference between book value (amortized cost) and fair value (obtained from the market platforms) is €19.7m, due to the deterioration in market conditions.

The value of the holdings contained in the trading book stood at €221.2m (€261.3m): the senior share amounts to €121.5m (€143.3m), €100m of which in relation to the Transferable Custody Receipt transaction; €15.8m in Consumer Finance performing loans (down €7.4m) and €5.5m in CLOs (down €14m). The mezzanine share stands at €97.1m (€115.3m), made up of €61.1m in "negative basis" strategy, €14.2m in CLOs, plus two Italian ABS Consumer Finance tranches with salary-backed finance receivables as the underlying asset (€21.8m). The share of junior securities is stable at €2.7m.

Mediobanca also has residual indirect exposures to securitizations through funds, for which the look-through method has been applied, and the details of which are shown in section 13 of this document.

In order to calculate the risk-weighted assets for this risk, as at 31 December 2022, the SEC-SA methodology is used for 65% of the portfolio of securities deriving from third-party securitizations held on the banking book, and the SEC-ERBA methodology for the other 35%. The SEC-ERBA approach is used for 60% of the trading book positions, while for the other 40% the SEC-SA approach is used.

Quantitative information

Template EU-SEC1 - Securitisation 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		Non-STS					STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT		of which SRT									
1	**Total exposures**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**5,280**	**7,976**	**—**	**13,255**	**—**	**299,319**	**—**	**299,319**
2	Retail (total)	—	—	—	—	—	—	—	5,280	1,448	—	6,727	—	45,334	—	45,334
3	residential mortgage	—	—	—	—	—	—	—	5,280	1,448	—	—	—	37,842	—	—
4	credit card	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	other retail exposures	—	—	—	—	—	—	—	—	—	—	—	—	7,492	—	—
6	re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
7	Wholesale (total)	—	—	—	—	—	—	—	—	6,528	—	6,528	—	253,985	—	253,985
8	loans to corporates	—	—	—	—	—	—	—	—	—	—	—	—	253,985	—	253,985
9	commercial mortgage	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	lease and receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	other wholesale	—	—	—	—	—	—	—	—	6,528	—	6,528	—	—	—	—
12	re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Template EU-SEC2 - Securitisation 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**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**13,516**	**44,616**	**—**	**58,132**
2	Retail (total)	—	—	—	—	—	—	—	—	13,516	26,715	—	40,230
3	residential mortgage	—	—	—	—	—	—	—	—	—	2,243	—	2,243
4	credit card	—	—	—	—	—	—	—	—	—	—	—	—
5	other retail exposures	—	—	—	—	—	—	—	—	13,516	24,472	—	37,988
6	re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—
7	Wholesale (total)	—	—	—	—	—	—	—	—	—	17,902	—	17,902
8	loans to corporates	—	—	—	—	—	—	—	—	—	17,738	—	17,738
9	commercial mortgage	—	—	—	—	—	—	—	—	—	—	—	—
10	lease and receivables	—	—	—	—	—	—	—	—	—	—	—	—
11	other wholesale	—	—	—	—	—	—	—	—	—	163	—	163
12	re-securitisation	—	—	—	—	—	—	—	—	—	—	—	—

Template EU-SEC3 - Securitisation 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**	**5,501**	**—**	**—**	**7,590**	**164**	**—**	**12,575**	**680**	**—**
2	Traditional transactions	5,501	—	—	7,590	164	—	12,575	680	—
3	Securitisation	5,501	—	—	7,590	164	—	12,575	680	—
4	Retail underlying	5,501	—	—	1,062	164	—	6,047	680	—
5	*of which STS*	5,280	—	—	—	—	—	5,280	—	—
6	Wholesale	—	—	—	6,528	—	—	6,528	—	—
7	*of which STS*	—	—	—	—	—	—	—	—	—
8	Re-securitisation	—	—	—	—	—	—	—	—	—
9	Synthetic transactions	—	—	—	—	—	—	—	—	—
10	Securitisation	—	—	—	—	—	—	—	—	—
11	Retail underlying	—	—	—	—	—	—	—	—	—
12	Wholesale	—	—	—	—	—	—	—	—	—
13	Re-securitisation	—	—	—	—	—	—	—	—	—

Template EU-SEC3 - Securitisation 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**	**—**	**16,395**	**5,420**	**—**	**—**	**1,312**	**434**	**—**
2	Traditional transactions	—	16,395	5,420	—	—	1,312	434	—
3	Securitisation	—	16,395	5,420	—	—	1,312	434	—
4	Retail underlying	—	1,707	5,420	—	—	137	434	—
5	*of which STS*	—	528	—	—	—	42	—	—
6	Wholesale	—	14,688	—	—	—	1,175	—	—
7	*of which STS*	—	—	—	—	—	—	—	—
8	Re-securitisation	—	—	—	—	—	—	—	—
9	Synthetic transactions	—	—	—	—	—	—	—	—
10	Securitisation	—	—	—	—	—	—	—	—
11	Retail underlying	—	—	—	—	—	—	—	—
12	Wholesale	—	—	—	—	—	—	—	—
13	Re-securitisation	—	—	—	—	—	—	—	—

Template EU-SEC4 - Securitisation 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**	**81,946**	**214,866**	**—**	**2,507**	**—**	**—**	**79,449**	**219,870**	**—**
2	Traditional transactions	81,946	214,866	—	2,507	—	—	79,449	219,870	—
3	Securitisation	81,946	214,866	—	2,507	—	—	79,449	219,870	—
4	Retail underlying	—	45,334	—	—	—	—	—	45,334	—
5	*of which STS*	—	—	—	—	—	—	—	—	—
6	Wholesale	81,946	169,532	—	2,507	—	—	79,449	174,536	—
7	*of which STS*	—	—	—	—	—	—	—	—	—
8	Re-securitisation	—	—	—	—	—	—	—	—	—
9	Synthetic transactions	—	—	—	—	—	—	—	—	—
10	Securitisation	—	—	—	—	—	—	—	—	—
11	Retail underlying	—	—	—	—	—	—	—	—	—
12	Wholesale	—	—	—	—	—	—	—	—	—
13	Re-securitisation	—	—	—	—	—	—	—	—	—

Template EU-SEC4 - Securitisation 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**	**—**	**18,104**	**52,276**	**—**	**—**	**1,448**	**4,182**	**—**
2	Traditional transactions	—	18,104	52,276	—	—	1,448	4,182	—
3	Securitisation	—	18,104	52,276	—	—	1,448	4,182	—
4	Retail underlying	—	—	11,439	—	—	—	915	—
5	*of which STS*	—	—	—	—	—	—	—	—
6	Wholesale	—	18,104	40,836	—	—	1,448	3,267	—
7	*of which STS*	—	—	—	—	—	—	—	—
8	Re-securitisation	—	—	—	—	—	—	—	—
9	Synthetic transactions	—	—	—	—	—	—	—	—
10	Securitisation	—	—	—	—	—	—	—	—
11	Retail underlying	—	—	—	—	—	—	—	—
12	Wholesale	—	—	—	—	—	—	—	—
13	Re-securitisation	—	—	—	—	—	—	—	—

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

		a	b	c
		Exposures securitised 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**	**17,925**	—	—
2	Retail (total)	6,728	—	—
3	residential mortgage	6,728	—	—
4	credit card	—	—	—
5	other retail exposures	—	—	—
6	re-securitisation	—	—	—
7	Wholesale (total)	11,197	—	—
8	loans to corporates	—	—	—
9	commercial mortgage	—	—	—
10	lease and receivables	—	—	—
11	other wholesale	11,197	—	—
12	re-securitisation	—	—	—

Section 13 – 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 companies, for the most part are listed, which can in any case be unwound in the short term. The geographical areas in which the Bank has invested show a clear majority of Italian companies, with which Mediobanca has been able to develop significant relations over time. On a much more minor scale but still in line with the mission referred to above, Mediobanca also operates in merchant banking, making investments in a limited number of medium-sized and small businesses to help grow the company and then sell the investment afterwards, including through the investee company being listed on the stock market.

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

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

The investments in the portfolio managed by the Principal Investing division (i.e. apart from those in non-financial undertakings and in Assicurazioni Generali) have seen growth in holdings in Undertakings in Collective Investments in Transferable Securities (UCITS) in recent years, and consist mostly of investments in seed capital to funds managed by Group companies (currently Polus and RAM) and investments in private equity and real estate funds.

The investments in seed capital have a twofold purpose:

— To generate a return consistent with their risk profile;

— To contribute to growth in the AUM subscribed to by third-party investors.

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

Exposures to equities not accounted for in the trading book are recorded in the financial statements under Equity investments, Equity instruments recognized through other comprehensive income (FVOCI), and as shares in funds recognized at fair value through profit and loss (FVTPL mandatory) 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

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

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

With reference to the overall exposure reflected on the Group's balance sheet, compared to 30 June 2022, exposures to equity holdings decreased, from €4bn to €3.1bn, €2.3bn of which represented by the equity accounting method for the investments in Assicurazioni Generali, Istituto Europeo di Oncologia, CLI holding II, Finanziaria Gruppo Bisazza, and HeidiPay (the latter acquired during the six months under review).

Investments in funds grew from €627.7m to €634.9m: of this amount, €398.2m involves investments in seed capital, which declined by approx. €6m in the six months (including downward adjustments to reflect reductions in fair value at the period-end totalling €7.3m); holdings in other funds (mostly private equity funds) totalled €236.7m, after investments of €30.3m and negative adjustments of €3.4m.

Holdings in equities (which include equity-like instruments) decreased from €260.7m to €246.9m, following redemptions of approx. €30m, only in part offset by the increase in the fair value of the Tirreno Power equity-like instrument (which increased by €15.4m, versus a nominal value of €26m), in view of the company's improved earnings and financial situation.

Items	Amount as at 12/31/2022				
	Book value		Fair value		*Impairment*
	Level 1	Livello 2/3	Level 1	Livello 2/3	
A. Equity stakes	2,175,391*	90,468**	3,395,137	90,468	—
B. Financial assets recognized at FVTOCI	114,930	131,987	114,930	131,987	—
C. Other financial assets mandatorily at fair value	279,524	355,414	279,524	355,414	—

Items	Amount as at 12/31/2022					
	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	16,860	(2,667)	—	—
C. Other financial assets mandatorily at fair value	—	—	X	X	—	—

* Investment in associate company Assicurazioni Generali (which decreased from €3.1bn to €2.2bn).
** This includes the other investments in associate companies: IEO €39m, Gruppo Bisazza €7.7m, CLI Holding II €36.7m, and HeidiPay €7.1m.

The comparative data as at 30 June 2022 is as follows:

Items	Amount as at 06/30/2022				
	Book value		Fair value		*Impairment*
	Level 1	Livello 2/3	Level 1	Level 2/3	
A. Equity stakes	3,069,391	88,362	3,087,327	88,362	—
B. Financial assets recognized at FVTOCI	116,812	143,806	116,812	143,806	—
C. Other financial assets mandatorily at fair value	275,816	351,921	275,816	351,921	—

Items	Amount as at 06/30/2022					
	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	55,132	(18,791)	—	—
C. Other financial assets mandatorily at fair value	—	—	X	X	—	—

Table 13.2 – Banking book: equity instruments

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

To measure the risk of exposures in Undertakings in Collective Investments in Transferable Securities (UCITS) and to determine the relevant capital requirement, alternative calculation methods have been introduced starting from 30 June 2021, 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	12/31/2022		06/30/2022	
	Weighted amount		Weighted amount	
	Standard method	IRB method	Standard method	IRB method
Funds exposures	1,362,478	—	1,393,620	—
of which private equity	*344,997*	—	*311,799*	—
Trading exposures	7,411,866	—	7,006,591	—
Other instruments	172,700	—	203,473	—
Total equity instruments	**8,947,045**	**—**	**8,603,684**	**—**

With reference to the new prudential treatment, 71% 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. 23% of the exposures in the portfolio; the fall-back approach has been applied to just 7% of the total portfolio.

As for analysis of the underlying instruments to which either of the two new approaches provided by the regulations have been applied, the total Corep exposure involved is equal to €674m while the total balance sheet exposure is €635m[28] (approx. 98% of the total portfolio, excluding the investments in CLIs as these constitute direct significant investments): of these, €93m (14% of the entire portfolio) have equities as their underlying instrument, €36m (5% of the total) have underlying instruments weighted at 1,250%, and €243m (36% of the portfolio) are high-risk exposures. The remainder consists of credit exposures, in cash or derivatives (the latter equal to approximately 3% of the total portfolio, confirming the low risk of the leverage effect on exposures in UCITS.

The Group's total holdings in funds includes the exposure to CLI in an amount of €10m, which since 31 March 2022 has been fully weighted at 250%, and commitments to other funds for a total of €106m, weighted at 150%.

[28] IFRS 13, paragraph 73: "the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement"; and paragraph 74: "the fair value hierarchy prioritizes the inputs to valuation techniques, not the valuation techniques used to measure fair value". See IFRS 13, paragraphs 72-90 for further details.

Section 14 – Interest rate risk on banking book positions

With reference to the Group's banking book positions at 31 December 2022, in the event of a non-parallel reduction in the interest rate curve more pronounced at the short end than at the long end ("Short Down"), estimated net interest income would decrease by €262m, whereas last year the reduction was €57m in the parallel down scenario.

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 a parallel reduction in the interest rate curve ("Parallel Down").

In this scenario, the estimated reduction in net interest income would be €81m, principally due to the impact of Mediobanca (€109m) and CMB (€35m), against increases for all the other Group Legal Entities. In the last half-year the highest change was a €201m reduction in net interest income in the "Short Up" scenario.

Table 14.1 – Sensitivity analysis

The above data has been summarized in the following table:

Amounts in € mln	Data as at 12/31/2022					
	Limit Scenario	Group	Mediobanca S.p.A.	CheBanca!	Compass	Others
Sensitivity of interest income margin	*Parallel Down*	(262)	(198)	(4)	4	(64)
Sensitivity of Expected Cash Flows present value	*Flattener*	(81)	(109)	49	15	(37)

The data as at 30 June 2022 and 31 December 2021 are stated below for comparative purposes:

Amounts in € mln	Data as at 30/06/2022					
	Limit Scenario	Group	Mediobanca S.p.A.	CheBanca!	Compass	Others
Sensitivity of interest income margin	*Parallel Down*	(57)	24	(9)	(28)	(44)
Sensitivity of Expected Cash Flows present value	*Flattener*	(201)	(84)	(102)	(30)	16
Amounts in € mln	**Data as at /12/2021**					
	Limit Scenario	**Group**	**Mediobanca S.p.A.**	**CheBanca!**	**Compass**	**Others**
Sensitivity of interest income margin	*Parallel Down*	(13)	25	(6)	(13)	(19)
Sensitivity of Expected Cash Flows present value	*Short Down*	(111)	(114)	(15)	(5)	23

At Group level, the values obtained for net interest income sensitivity are higher than the Group RAF limit set of 14.5% (net interest income sensitivity/estimated Group net interest income), while the economic value sensitivity is below the Group RAF limit set of 4.5% (economic value sensitivity/CET1).

The increase in the sensitivity of net interest income occurred in an extreme scenario, where the short part of the yield curve fell by 2.5%, and in any case was due to temporary factors attributable to: a gradual reduction in the effectiveness of the regulatory floor in negative scenarios, a temporary increase in the time lag for the frequency of asset and liability item refixing, and a significant increase in the amount of liquid assets deposited with the European Central Bank.

The Bank has already taken action to bring net interest income sensitivity back within the set limits, including trading approx. €9m worth of basis swaps in order to manage the refixing risk, and reducing the amount of liquid assets deposited in the ECB Deposit Facility.

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

Supervisory shock scenarios		Changes of the economic value of equity		Changes of the net interest income	
		12/31/2022	06/30/2022	12/31/2022	06/30/2022
1	Parallel up	127	(179)	252	193
2	Parallel down	(81)	106	(259)	(57)
3	Steepener	45	184		
4	Flattener	(18)	(152)		
5	Short rates up	11	(201)		
6	Short rates down	(7)	219		

Section 15 – Market risk

Quantitative information

15.1 Market risk with management methodology

Risk control is calculated daily using management metrics to ensure that the operating limits governing the risk appetite established for the Bank's trading book are complied with.

The six months under review were marked by persistent volatility for certain asset classes, in particular credit, interest rate and forex; while on equity markets the periods was less turbulent than the previous ones had been. The markets are still being affected by the uncertainties over the trend in inflation, and hence also over US and Eurozone monetary policy. For the former, the driver for the Fed's actions is the low rate of unemployment and wage pressure, and for the latter, the inflation imported due to the price of energy raw materials on which Europe is strongly dependent. The ongoing Russia/Ukraine conflict is also a further source of volatility.

The aggregate value-at-risk on the trading book ranged in the six months from a low of €4.5m at end-August to a high of €13.8m in November, higher than the maximum figure recorded during the last financial year (€11.8). The average figure (€5.1m) was 10% lower than in the previous financial year (€6.1m). After the high recorded in November, VaR remained at high levels before falling back to levels near to the lows recorded towards the end of the six months, in part due to positions in listed interest rate and government security derivatives expiring.

Much of the trend in Value-at-Risk can be explained by the positions held in options and futures on Italian sovereign debt securities, listed options on short-term interest rates, albeit less so than in previous readings, and by certain outright positions on the equity market.

Similarly, the expected shortfall also showed an average reading that was higher than last year, at €10.4m (€8.2m).

Back-testing of the trading positions in the period from 1 July to 30 December 2022 shows no losses in excess of the VaR.

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

Risk factors	1st semester of the financial year 2022 - 2023				2021- 2022
Data in thousands	12/31/2022	Min	Max	Average	Average
Interest rate	4,414	1,697	10,307	6,219	2,735
Credit	1,494	1,483	3,641	2,741	1,532
Shares prices	3,659	1,837	8,852	4,463	3,817
Exchange rates	826	543	2,327	918	633
Inflation	172	81	356	134	140
Volatility	2,434	2,434	9,832	5,638	3,421
Diversification effect (*)	*7,583*	*7,207*	*17,883*	12,191	6,170
Total VaR	**5,415**	**4,508**	**13,842**	**7,922**	**6,109**
Expected Shortfall	***6,744***	***5,581***	***23,735***	**10,430**	**8,190**

* Due to the mismatch between risk factors.

Apart from the VaR limit on the overall trading positions, a more granular system of VaR limits is also in place for the individual desks involved. Each desk also has limits in terms of sensitivities to movements in the various risk factors (1 basis point for interest rates and credit spreads, 1 percentage point for equities, forex and equity volatility) which are monitored daily. Compared with the average readings last year, there was an increase in the sensitivity to equity markets (€412,000/1%, as compared with €319,000/1%), while the sensitivity to interest rates (US and Eurozone) is largely unchanged, at approx. €8,000/1 bp. Sensitivities to the volatility implied in the equity market reduced from €440,000/1% to €24,000/1%, as did sensitivities to exchange rates (€164,000/1%, compared with €428,000/1%) and credit (€369,000/1 bp, compared with €515,000/1 bp).

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

Risk factors	1st semester of the financial year 2022 - 2023				2021-2022
Data in euro	12/31/2022	Min	Max	Average	Average
Equity delta (+1%)	412	-443	6.000	684	319
Equity vega (+1%)	24	-461	3.167	1.349	1.439
Interest rate delta (+1bp)	91	-174	612	187	83
Inflation delta (+1bp)	10	3	20	8	2
Exchange rate delta (+1%)*	-164	-3.757	745	232	428
Credit delta (+1bp)	369	-4	731	397	515

* Due to the Euro appreciating relative to other currencies.

Template EU MR1 - Market risk (standardised approach)

		12/31/2022	06/30/2022
		a	a
		RWEAs	RWEAs
	Outright products		
1	Interest rate risk (general and specific)	1,558,778	1,450,353
2	Equity risk (general and specific)	206,913	132,095
3	Foreign exchange risk	—	—
4	Commodity risk	—	—
	Options		
5	Simplified approach	—	—
6	Delta-plus approach	406,771	772,504
7	Scenario approach	—	—
8	Securitisation (specific risk)	53,056	76,016
9	**Total**	**2,225,519**	**2,430,969**

As at 31 December 2022, risk-weighted assets for RWA risk in view of market risks, according to the standard methodology as shown in Section 1.1, totalled €2.26bn, down approx. €200m on the figure as at end-June 2022.

The main changes involved:

— An increase of approx. €130m in credit risk RWAs in debt instruments due to DVA risk management in relation to the issue of certificates held as part of the trading book; whereas the single interest rate risk component was stable;

— An increase of approx. €70m in RWAs in relation to certain outright positions in equities that drove an increase in the equity investment portfolio's capital absorption, both for general and name-specific risk;

— A reduction of €365m in the RWAs for Delta+ risk due to a reduction in outright positions and system input optimization in order to capture the benefits of netting and diversification correctly.

The limited exchange rate risk position, which is below the regulatory threshold permitted, 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: RWA flow statements of market risk exposures under the IMA

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

Template EU MR3: IMA values for trading portfolios

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

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

The Mediobanca Group has nothing to report for Template EU MR4.

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

IFRS13 paragraph 24 defines fair value as the price which would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market.

For financial instruments listed on active markets, fair value is determined on the basis of the official prices prevailing on the principal market, or alternatively the most advantageous market to which the Group has access; such instruments are thus said to be marked to market. A market is defined as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

For instruments not listed on an active market or in cases where the market is not functioning properly (when the market does not have a sufficient and continuous number of transactions, or sufficiently low bid-ask spreads and volatility), valuation models using market inputs are used instead, such as:

- Valuations of instruments with similar characteristics or values recorded in recent comparable transactions,
- Discounted cash flow valuations,
  - Models to determine the price of options, values recorded in recent comparable transactions prudentially adjusted to reflect the illiquid nature of some market data and other risks associated with specific transactions (reputational risk, replacement risk, etc).

15.3.1 Fair value hierarchy of financial instruments

As stated in Bank of Italy circular no. 262 published for the first time on 22 December 2005 ("Rules and Models for Compiling Bank's Financial Statements"), the books of assets held by banks must be classified based on the assets' fair value levels. This means that the fair values themselves must be classified according to a hierarchy of levels reflecting the significance of the inputs used in the valuation process.

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

Inputs are said to be observable when the information based on which the valuation techniques are applied is market information obtained from sources independent from the Bank (for instance, prices obtainable from listed market to which the Bank has direct access or broker quotes).

Inputs are said to be non-observable when the information based on which the valuation techniques are applied reflect the Bank's own judgement, formulated the best information available under such circumstances.

Level 1

In principle, an instrument is classified 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 regularly available in a timely manner via stock markets, intermediaries, direct and independent trading markets, listing services and authorized parties.

As required by IFRS 13, the Bank has defined precise methods for determining the fair value of products classified as Level 1.

Level 2 and Level 3

When a market is not active, the fair value of the instrument is measured with reference to market prices for similar instruments traded on active markets (the comparable approach), or alternatively, if such instruments are not available, by applying a valuation technique that uses the market and non-market information (observable and/or non-observable inputs).

All instruments classified as Level 2 must in any case show a majority component of observable inputs used in calculating the fair value. If the IPV process causes a high degree of uncertainty to emerge regarding the inputs used, such products are classified as Level 3. An input parameter's observability therefore does not regard only the type of product involved, but also the availability of quotes and the expiry.

Materiality and relevance controls

The principles of observability and levelling are based on a two-phase approach: in the first phase, all inputs used in a financial instrument's valuation model are assigned a level; in the second phase, the materiality of any unobservable parameters used in determining fair value is assessed.

Establishing materiality is the process used to determine if the non-observable inputs (i.e. Level 2 or Level 3 inputs) are material for the instrument's entire measurement.

For further information, please see Part A of the Notes to the Accounts for the period ended 31 December 2022.

15.3.2 Fair Value Adjustments to financial instruments

Fair value adjustments are fundamental in order to align the individual financial instrument's valuation with its actual exit price, in view of the level of market liquidity, the uncertainty of the valuation parameters and the possibility of close-out costs for the positions, the cost of funding, and the complexity of the valuation models used in the absence of shared market practices. The scope of fair value adjustments includes the following categories:

- Market Price Uncertainty: this represents the uncertainty inherent in a valuation based on market prices;
- Close-Out Costs: these refer to the uncertainty related to the liquidity cost that the Bank might incur in the event of the disposal, partial or total, of a position recognized at fair value;
- Model Risk: adjustments to mitigate the risk of misalignment with market practice in the valuation of a product regarding the choice and implementation of the relevant pricing model.
- Concentrated Positions: this reflects uncertainty in the valuation of the exit price for positions defined as concentrated.

15.3.3 Independent Price Verification of financial instruments

Independent Price Verification is defined as the process by which market prices and data are verified according to certain standards of accuracy defined internally to the Bank. The Independent Price Verification Policy and Directive meet the requirements set by Article 105(8) of Regulation (EU) 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 must "establish and maintain systems and controls sufficient to provide [...] valuation estimates".

Independent Price Verification activity therefore constitutes a response to the need to:

- Define the control methodologies for market data and price validation;
- Define the control processes, quantitative thresholds and escalation mechanisms, thus ensuring additional verification of the quality of the models and market data used in the valuations;
- Keep management adequately informed in a timely manner.

Independent Price Verification activity is performed taking into account the following aspects:

- Consistency between info-providers: validation of the parameter in this case is based on consistency with other similar or comparable data, comparing the value entered in the Bank's system with the data supplied by other info-provider;
- "Market data Jump": the parameter is validated on the basis of historical performance, i.e. the difference between date t-1 and date t;
- "Staleness": the historical control also entails justifying any lack of movements between date t-1 and date t;
- "Smoothness": for data represented in matrix or vector form (e.g. surfaces and curves), a further control is performed in order to verify the presence of any irregular jumps or highs in the individual matrix constituents.

The activity is focused on analysing the data in order to ascertain its consistency relative to a comparative data source, to ensure that it reflects the real market positions, and that the risk positions of the Bank's and the individual trading desks' main P&L drivers are valued correctly. The impact of any changes to the data is incorporated into the P&L reporting process for the portfolio affected by the change.

New market data collection processes have been introduced during the period under review, in conjunction with the fair value hierarchy improvement efforts. These processes are different from those used by the front office teams, and serve to refine the analysis, in order to guarantee that the positions in the portfolio are represented correctly, and to extend it to include the most relevant risk factors.

Moreover, the decision to change the valuation source for a given type of market data during the Independent Price Verification process, and the means by which the verification itself is carried out, may lead to the instrument analysed being classified differently compared to its fair value hierarchy level.

15.3.4 Prudent value of financial instruments

The EU regulations require that positions recognized at fair value and held as part of either the banking or trading books must be measured to an adequate degree of certainty. To meet this objective, financial institutions must implement and maintain processes and controls to ensure that the valuation estimates are prudent and reliable.

The Prudent Value Adjustment, defined as all Additional Valuation Adjustments added together, is subtracted directly from CET1.

The process of defining and certifying the positions subject to calculation of AVAs requires the following to be identified:

— An individual scope of application, consisting of all asset and liabilities held on the balance sheet and recognized at fair value for every bank and/or company forming part of the Banking;

— A consolidated scope of application, consisting of all asset and liabilities held on the balance sheet and 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 that institutions shall apply the requirements of Article 105 to all their assets measured at fair value. The combined provisions of Articles 34 and 105 of Regulation (EU) no. 575/2013 imply that the scope of prudent valuation for financial instruments includes all positions measured at fair value, regardless of whether they are accounted for as part of the banking or trading book.

The positions measured at fair value in both books as defined by the International Financial Reporting Standards (IFRS), are, on the asset side of the balance sheet, as follows:

— Financial assets recognized at Fair Value Through Profit and Loss (FVTPLT);
— Financial assets recognized at Fair Value Option (FVOPT);
— Financial assets recognized at Fair Value Through Other Comprehensive Income (FVOCI) (only for positions not subject to the prudential filter);
— Financial assets recognized at Mandatorily at Fair Value Through Profit and Loss (FVTPLM / FVTPLM_OICR).

and on the liability side of the balance sheet:

— Financial liabilities recognized at Fair Value Through Profit and Loss (FVTPLT);
— Financial liabilities recognized at Fair Value Option (FVOPT);
— Financial liabilities recognized at Mandatorily at Fair Value Through Profit and Loss (FVTPLM / FVTPLM_OICR). Financial liabilities recognized at Fair Value Liabilities (FVL)

Starting from the scope defined as above, and in accordance with the provisions of Commission Delegated Regulation (EU) 2016/101, Chapter 3, fair-valued positions for which a change in accounting valuation has a partial or zero impact on CET1 capital are excluded.

In particular:

- AFS positions (FVOCI), to the degree to which the changes in valuation are subject to prudential filters;[29]
- Back-to-back positions;
- Positions subject to hedge accounting.

To comply with the regulatory requirements in terms of CoRep reporting, each indicator is calculated for the general scope as defined in the relevant section, and also for the narrower scope of trading instruments only.

15.4 Hedging

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

Hedges are intended to neutralize possible losses that may be incurred on a given asset or liability, due to the volatility of a certain financial risk factor (interest rate, exchange rate, credit or some other risk parameter), through the gains that may be realized on a hedge instrument which allow the changes in fair value or cash flows to be offset. For fair value hedges in particular, the Group seeks to minimize the financial risk on interest rates by bringing the entire interest-bearing exposure in line with Euribor (generally Euribor 3 months).[30]

Fair value hedges

Fair value hedges are used to neutralize exposure to interest rate, price or credit risk for particular asset or liability positions, via derivative contracts entered into with leading counterparties with high

29 The inclusion or exclusion of such instruments from the scope for calculation of prudential valuation is established by Regulation (EU) no. 575/2013 Part 10, Title I, Chapter 1, Articles 467-68, taking into account the adjustment made via Regulation (EU) no. 445/2016, Chapter V, Articles 14-15.

30 This target is maintained even in the presence of hedging contracts with market counterparties with netting agreements and CSAs (collateralized standard agreements) have been entered into, the valuation of which is made on the basis of Ester interest rates.

credit standings. It is principally the fixed-rate, zero coupon and structured bond issues that are fair-value hedged. If structured bonds in particular do not show risks related to the main risk, the interest-rate component (hedge) is stripped out from the other risks represented in the trading book, and usually hedged by trades of the opposite sign.

Fair value hedges are used by Mediobanca S.p.A. to hedge fixed-rate transactions involving corporate loans and securities recognized at fair value through other comprehensive income or at amortized cost, and also to mitigate price risk on equity investments recognized at FVOCI. Like-for-like books of fixed-rate mortgage loans granted by CheBanca! are also fair value-hedged, as is the stable component of demand deposits modelled at fixed rate.

Cash flow hedges

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

Table 14.3: List of financial instruments subject to Prudent Valuation

Tipologia			Inclusione/ Esclusione	Inclusione/ Esclusione Trading book	Note
FVTPLT	Derivati finanziari e creditizi	Back to back	Escluso	Escluso	Come previsto dal Regolamento Delegato (UE) 2016/101
		Non back to back	Incluso	Incluso	
	Titoli di debito		Incluso	Incluso	
	Titoli di capitale		Incluso	Incluso	
	Quote di O.I.C.R.		Incluso	Incluso	
	Finanziamenti		Incluso	Incluso	
	Attività deteriorate		Incluso	Incluso	
FVOPT	Titoli di capitale		Incluso	Incluso	
	Quote di O.I.C.R.		Incluso	Incluso	
	Finanziamenti		Incluso	Incluso	
	Attività deteriorate		Incluso	Incluso	
FVOCI	Titoli di debito	Governativi UE	Parziale	Escluso	Prevista una deroga con l'esclusione fino all'entrata in vigore del Regolamento (UE)

					2016/445 (01/10/2016) che rettifica quanto previsto dal Regolamento (UE) 2013/575
		Governativi non UE	Parziale	Escluso	Le percentuali di inclusione/esclusione sono variabili e seguono le disposizioni normative Regolamento (UE) 2013/575 e Circolare n. 285/Banca d'Italia
		Non Governativi	Parziale	Escluso	
	Titoli di capitale		Parziale	Escluso	
	Quote di O.I.C.R.		Parziale	Escluso	
	Finanziamenti		Parziale	Escluso	
	Attività deteriorate		Incluso	Escluso	
FVTPLM/ FVTPLM_OICR	Titoli di debito		Incluso	Escluso	
	Titoli di capitale		Incluso	Escluso	
	Quote di O.I.C.R.		Incluso	Escluso	
FVL	Titoli di debito		Incluso	Escluso	
Hedge accounting	Fair Value Hedge		Escluso	Escluso	Come previsto dal Regolamento Delegato (UE) 2016/101
	Cash Flow Hedge		Escluso	Escluso	Il *Cash Flow Hedge* è oggetto di filtro prudenziale

At the consolidated level, each bank and/or company forming part of the Banking Group must apply the percentage stated in Bank of Italy circular no. 285, while at the individual level, each bank or company in the Group is subject to the provisions laid down by its local regulator.

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, 23 March 2023

Head of Company Financial Reporting

Emanuele Flappini

Annexes

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

1) Carbon Majors Database - Carbon-Majors-Report-2017.pdf (cdp.net)

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

2) Climate Accountability Institute - CAI Press Release December 2020 (climateaccountability.org)

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%

Relazione della Società di revisione al Terzo Pilastro di Basilea 3