Pillar 3 Disclosure

Update as at
30 June 2023

MONTE DEI PASCHI DI SIENA
BANK SINCE 1472

Pillar 3 Disclosure

Update as at 30 June 2023

Banca Monte dei Paschi di Siena SpA
Company Head Office in Siena, Piazza Salimbeni 3, www.mps.it
Recorded in the Arezzo-Siena Company Register – Registration no. and tax code 00884060526
MPS VAT Group – VAT no. 01483500524
Member of the Italian Interbank Deposit Protection Fund. Bank Register no. 5274
Parent Company of the Monte dei Paschi di Siena Banking Group, registered with the Banking Groups Register

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Introduction

The new Pillar 3 disclosure framework, that aims to foster the role of institutions' disclosures in promoting market discipline, entered into force as of 30 June 2021.

Pillar 3 was designed on the notion that Market Discipline can be harnessed to reinforce capital regulation to promote stability and soundness in banks and financial systems.

It thus incorporates the minimum capital requirements (Pillar I) and the prudential control process (Pillar II).

In particular, the **new Pillar 3 disclosure framework, in force since 30 June 2021**, seeks to:

- improve clarity for users of information, by provide a single comprehensive package;
- ensure consistency and comparability among the intermediaries;
- facilitate access by users of information to institutions' key prudential data by introducing the new key metrics templates;
- facilitate technical implementation for the retrieval of information;
- increase the efficiency of disclosures and reduce costs through synergies and integration of quantitative information with supervisory reporting.

The regulatory sources of reference are:

- the new EU Regulation 2019/876 (CRR2) amending EU Regulation no. 575/2013 (CRR), which, in Article 434a, mandated the EBA to develop implementing technical standards (ITS) specifying the uniform disclosure formats required under Titles II and III of Part 8 of the CRR.

The standardisation process pursued by the EBA through subsequent ITS releases (EBA/ITS/2020/04 and EBA/ITS/2021/07 – IRRBB) is not applied in the following cases, which continue to be governed by the previous guidelines:

- disclosure requirements of the IFRS 9 transitional arrangement (EBA/GL/2020/12);

It should also be noted that, as of this publication, information on exposures subject to temporary measures in the light of the COVID 19 crisis (EBA/GL/2020/07) is no longer mandatory and is therefore not shown.

Pillar 3 Disclosure is prepared at consolidated level by the Parent Company.

Further information on the Group's risk profile, pursuant to Art. 434 of the CRR, is also published in the Consolidated Half-yearly Report as at June 30th, 2023, the Report on Corporate Governance and the Remuneration Report.

Unless otherwise indicated, all the amounts in this report are stated in thousand Euros.

The Montepaschi Group regularly publishes its Pillar 3 disclosures on its website at: english.mps.it/investors.

Annex I – Disclosure of key metrics and overview of risk-weighted exposure amounts

EU KM1 – Key metrics template

		a Jun-23	b Mar-23	c Dec-22	d Sep-22	e Jun-22
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	7,895,855	7,117,522	7,601,176	4,633,535	5,575,701
2	Tier 1 capital	7,895,855	7,117,522	7,601,176	4,633,535	5,575,701
3	Total capital	9,648,923	8,908,932	9,373,413	6,438,667	7,371,018
	Risk-weighted exposure (amounts)					
4	Total risk-weighted exposure amount	49,793,740	49,382,021	45,686,193	46,359,725	47,780,464
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	15.8571%	14.4132%	16.6378%	9.9947%	11.6694%
6	Tier 1 ratio (%)	15.8571%	14.4132%	16.6378%	9.9947%	11.6694%
7	Total capital ratio (%)	19.3778%	18.0408%	20.5169%	13.8885%	15.4268%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.7500%	2.7500%	2.7500%	2.7500%	2.7500%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.5469%	1.5469%	1.5469%	1.5469%	1.5469%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.0625%	2.0625%	2.0625%	2.0625%	2.0625%
EU 7d	Total SREP own funds requirements (%)	10.7500%	10.7500%	10.7500%	10.7500%	10.7500%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.5000%	2.5000%	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 (%)	0.0140%	0.0080%	0.0080%	0.0030%	0.0020%
EU 9a	Systemic risk buffer (%)					
10	Global Systemically Important Institution buffer (%)					
EU 10a	Other Systemically Important Institution buffer	0.2500%	0.2500%	0.2500%	0.2500%	0.2500%
11	Combined buffer requirement (%)	2.7640%	2.7580%	2.7580%	2.7530%	2.7520%
EU 11a	Overall capital requirements (%)	13.5140%	13.5080%	13.5080%	13.5030%	13.5020%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.7946%	6.3507%	8.5753%	1.9322%	3.6069%
	Leverage ratio					
13	Leverage ratio total exposure measure	126,974,590	131,695,912	131,823,310	140,558,343	141,162,158
14	Leverage ratio	6.2185%	5.4045%	5.7662%	3.2965%	3.9500%
	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%	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%	3.0000%	3.0000%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	24,941,115	25,298,979	25,215,509	24,925,367	25,288,883
EU 16a	Cash outflows - Total weighted value	14,937,275	15,348,470	15,587,705	15,671,135	15,695,476
EU 16b	Cash inflows - Total weighted value	1,954,637	1,920,604	1,863,889	1,801,669	1,781,533
16	Total net cash outflows (adjusted value)	12,982,639	13,427,865	13,723,817	13,869,466	13,913,943
17	Liquidity coverage ratio (%)*	193.11%	189.12%	183.95%	179.88%	181.79%
	Net Stable Funding Ratio					
18	Total available stable funding	82,468,406	83,541,632	86,919,862	95,466,850	97,240,975
19	Total required stable funding	61,699,412	63,342,904	64,795,074	68,927,872	70,967,710
20	NSFR ratio (%)	133.66%	131.89%	134.15%	138.50%	137.02%

(*) *The values shown are calculated as simple averages of month-end observations in the twelve months preceding the end of each quarter, consistent with the representation provided in the EU LIQ1 table.*

EU OV1 – Overview of total risk exposure amounts

		RWA		Capital requirements
		Jun-23	Mar-23	Jun-23
1	**Credit risk (excluding CCR)**	**35,416,906**	**35,457,849**	**2,833,353**
2	Of which the standardised approach	11,912,731	11,729,617	953,019
3	Of which the foundation IRB (FIRB) approach	-	-	-
4	Of which: slotting approach	1,000,228	949,724	80,018
EU 4a	Of which: equities under the simple riskweighted approach	-	-	
5	Of which the advanced IRB (AIRB) approach	21,422,450	21,683,403	1,713,796
6	**Counterparty credit risk - CCR**	**1,207,755**	**1,275,734**	**96,620**
7	Of which the standardised approach	613,993	649,335	49,119
8	Of which internal model method (IMM)	-	-	-
EU 8a	Of which exposures to a CCP	33,944	38,723	2,715
EU 8b	Of which credit valuation adjustment - CVA	446,315	464,834	35,705
9	Of which other CCR	113,503	122,843	9,080
15	**Settlement risk**	**-**	**-**	**-**
16	**Securitisation exposures in the non-trading book (after the cap)** (*)	**595,639**	**595,055**	**47,651**
17	Of which SEC-IRBA approach	573,711	571,552	45,897
18	Of which SEC-ERBA (including IAA)	13,942	15,716	1,115
19	Of which SEC-SA approach	7,986	7,787	639
EU 19a	Of which 1250%	-	-	-
20	**Position, foreign exchange and commodities risks (Market risk)**	**2,349,952**	**1,922,890**	**187,996**
21	Of which the standardised approach	2,349,952	1,922,890	187,996
22	Of which IMA	-	-	-
EU 22a	**Large exposures**	**-**	**-**	**-**
23	**Operational risk**	**10,223,489**	**10,130,493**	**817,879**
EU 23a	Of which basic indicator approach	90,290	90,290	7,223
EU 23b	Of which standardised approach	-	-	-
EU 23c	Of which advanced measurement approach	10,133,199	10,040,203	810,656
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**2,952,652**	**2,681,681**	**236,212**
29	**TOTAL**	**49,793,740**	**49,382,021**	**3,983,499**

(*) *The amount shown does not include equivalent deducted securitisations. The amount as at 30.06.2023 would still be zero as RWA and, of course, as a requirement.*

Credit and operational risk remained fairly stable during the quarter. For credit risk, the slight decrease is mainly related to the update of the ELBE LGD to the latest macroeconomic environment, a decrease offset by the contribution of standard RWA from capital. The operational risk requirement increased slightly. The main changes are due to the presence of extreme losses in the external events update. Finally, with regard to market risk, the increase is mainly related to the increase in activities in the equity securities and OIC segments, as well as the increase in the foreign exchange position.

Template IFRS 9-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

		a Jun-23	b Mar-23	c Dec-22	d Sep-22
Available capital (amounts)					
1	Common Equity Tier 1 (CET1) capital	7,895,855	7,117,522	7,601,176	4,633,535
2	Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,892,625	7,107,492	7,202,405	4,235,239
3	Tier 1 capital	7,895,855	7,117,522	7,601,176	4,633,535
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,892,625	7,107,492	7,202,405	4,235,239
5	Total capital	9,648,923	8,908,932	9,373,413	6,438,667
6	Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	9,645,692	8,898,902	8,974,642	6,040,371
Risk-weighted assets (amounts)					
7	Total risk-weighted assets	49,793,740	49,382,021	45,686,193	46,359,725
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	49,790,510	49,371,991	45,619,863	46,293,253
Capital Ratios					
9	Common Equity Tier 1 (as a percentage of risk exposure amount)	15.86%	14.41%	16.64%	9.99%
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	15.85%	14.40%	15.79%	9.15%
11	Tier 1 (as a percentage of risk exposure amount)	15.86%	14.41%	16.64%	9.99%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.85%	14.40%	15.79%	9.15%
13	Total capital (as a percentage of risk exposure amount)	19.38%	18.04%	20.52%	13.89%
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	19.37%	18.02%	19.67%	13.05%
Leverage ratio					
15	Leverage ratio total exposure measure	126,974,590	131,695,912	131,822,945	140,558,343
16	Leverage ratio	6.22%	5.40%	5.77%	3.30%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6.22%	5.40%	5.48%	3.02%

The application of the IFRS 9 fully loaded without taking into account the impact deriving from the cohesion with he transitional regime expected from 2018, would have entailed a reduction of 1 bp, respectively of CET1 ratio and total capital ratio. Such coefficients would have resulted in 15.85% (instead of 15.86% transitional arrangements) and 19.37% (instead of 19.38%) respectively of CET1 ratio and total capital ratio.

Annex VII – Disclosure of own funds

EU CC1 - Composition of regulatory own funds (Part 1)

		(a)	(b)
		Jun-23	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1: instruments and reserves		
1	Capital instruments and the related share premium accounts	7,453,451	160. Share premium reserve 170. Equity
	of which: Paid up capital instruments	*7,453,451*	
2	Retained earnings	578,299	
3	Accumulated other comprehensive income (and other reserves)	-151,252	120. Valuation reserves 150. Reserves
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)	-	
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	619,041	200. Profit / loss for the period
6	**COMMON EQUITY TIER 1 (CET1) CAPITAL BEFORE REGULATORY ADJUSTMENTS**	**8,499,539**	
	Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	-30,837	Value adjustments for supervisory purposes (Prudent Valuation)
8	Intangible assets (net of related tax liability) (negative amount)	-111,440	100. Intangible assets
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)	-167,233	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	-	120. Valuation reserves 150. Reserves
12	Negative amounts resulting from the calculation of expected loss amounts	-	Surplus of expected losses compared to total value adjustments (IRB models)
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	-10,409	Profit or loss of fair value deriving from the entity's own credit risk related to derivative liabilities
15	Defined-benefit pension fund assets (negative amount)	-	
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	180. Own 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)	-	70. Holdings
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)	-	70. Holdings
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-7,964	
20b	*of which: qualifying holdings outside the financial sector (negative amount)*	-	
20c	*of which: securitisation positions (negative amount)*	*-7,964*	
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
22	Amount exceeding the 17,65% threshold (negative amount)	-164,747	
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*	*-67,734*	*70. Holdings*
25	*of which: deferred tax assets arising from temporary differences*	*-97,013*	*110. Tax assets*
25a	Losses for the current financial year (negative amount)	-	200. Profit / loss for the period
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 (including IFRS 9 transitional adjustments when relevant)	-111,054	
28	**TOTAL REGULATORY ADJUSTMENTS TO COMMON EQUITY TIER 1 (CET1)**	**-603,683**	
29	**COMMON EQUITY TIER 1 (CET1) CAPITAL**	**7,895,855**	

EU CC1 - Composition of regulatory own funds (Part 2)

		(a) Jun-23	(b) 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*	-	*10. Financial liabilities valued at amortized cost -c) securities issued*
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	-	10. Financial liabilities valued at amortized cost -c) securities issued
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	-	
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)	-	Additional capital instruments of class 1 of financial sector entities held by the entity, directly, indirectly or synthetically, when the entity does not have a significant investment in such entities
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)**	**7,895,855**	

EU CC1 - Composition of regulatory own funds (Part 3)

		(a) Jun-23	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	1,683,161	10. Financial liabilities valued at amortized cost -c) securities issued
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	-	
49	*of which: instruments issued by subsidiaries subject to phase out*	-	
50	Credit risk adjustments	135,781	Surplus of provisions compared to total value adjustments (IRB models)
51	**TIER 2 (T2) CAPITAL BEFORE REGULATORY ADJUSTMENTS**	**1,818,942**	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	10. Financial liabilities valued at amortized cost -c) securities issued
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)	-	Tier 2 capital instruments and subordinated loans of financial sector entities held directly or indirectly, when the institution has a significant investment in such entities
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)	-65,875	Tier 2 capital instruments and subordinated loans of financial sector entities held directly or indirectly, when the institution has a significant investment in such entities
EU 56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	
56b	Other regulatory adjusments to T2 capital	-	
57	**TOTAL REGULATORY ADJUSTMENTS TO TIER 2 (T2) CAPITAL**	**-65,875**	
58	**TIER 2 (T2) CAPITAL**	**1,753,067**	
59	**TOTAL CAPITAL (TC = T1 + T2)**	**9,648,923**	
60	**TOTAL RISK EXPOSURE AMOUNT**	**49,793,740**	

EU CC1 - Composition of regulatory own funds (Part 4)

		(a) Jun-23	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	Capital ratios and buffers		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	15.8570%	
62	Tier 1 (as a percentage of total risk exposure amount)	15.8570%	
63	Total capital (as a percentage of total risk exposure amount)	19.3780%	
64	Institution CET1 overall capital requirements	8.8109%	
65	*of which: capital conservation buffer requirement*	*2.5000%*	
66	*of which: countercyclical buffer requirement*	*0.0140%*	
67	*of which: systemic risk buffer requirement*	*0.0000%*	
67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer*	*0.2500%*	
EU-67b	*of which: additional own funds requirements to address the risks other than the risk of excessive leverage*	*1.5469%*	
68	**COMMON EQUITY TIER 1 AVAILABLE TO MEET BUFFER (AS A PERCENTAGE OF RISK EXPOSURE AMOUNT)**	**7.7946%**	
	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)	139,063	
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)	491,812	
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)	704,403	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	305,703	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	135,781	
	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)	-	

The calculation of own funds is made in accordance with CRR and no restrictions are applied.

EU CC2 – reconciliation of regulatory own funds to balance sheet in the audited financial statements

	Items	Statutory financial statements	Regulatory financial statements	Source
	ASSET			
70	Holdings	677,273	734,319	18,19,23
	of which implicit goodwill	*49,112*	*49,112*	
100	Intangible assets	137,126	137,126	8
	of which goodwill	*7,900*	*7,900*	8
	of which other intangible	*129,226*	*129,226*	8
110	Tax assets	2,065,629	2,064,387	10, 21, 25
	of which based on future profitability but not deriving from temporary differences	*-167,233*	*-167,233*	10
	LIABILITY			
10	Financial liabilities valued at amortized cost -c) securities in issue	9,450,633	9,450,633	32,33,46,52
30	Financial liabilities valued at FV	101,262	101,262	-
120	Valuation reserves	-18,393	-18,393	3,11
	of which FVOCI	*-120,121*	*-120,121*	3
	of which CFH	-	-	*11*
	of which special revaluation laws	*6,478*	*6,478*	3
	of which others	*95,250*	*95,250*	*3*
150	Reserves	445,440	445,440	3
160	Share premium reserve	-	-	1
170	Equity	7,453,451	7,453,451	1
180	Own shares	-	-	16
200	Profit / loss for the period	619,041	619,041	5a,25a

Annex IX – Disclosure of countercyclical capital buffers

EU CCYB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer

	a	b	c	d	e	f	g	h	i	j	k	l	m
	Exposures in the banking book		**Exposures in the trading book**				**Own funds requirement**				**Risk-weighted exposure amounts**	**Weighting factors of own fund requirement**	**Counter-cyclical coefficient**
Breakdown by country	Exposure value under SA approach	Exposure value under AIRB approach	Sum of long and short positions	Exposure value under internal models	**Exposures in securitisation**	**Total exposure value**	of which: generic credit exposures	of which: credit exposures of the trading book	of which: securitisation positions in the banking book	Total			
Italy	9,576,914	72,037,682	1,695,884	-	1,277,271	84,587,751	2,410,973	17,300	47,651	2,475,924	30,949,050	95.6253%	0.000%
France	441,754	15,870	6,119	-	-	463,743	21,846	137	-	21,983	274,793	0.8490%	0.500%
Ireland	117,179	2,358	162,679	-	-	282,216	9,252	48	-	9,300	116,250	0.3592%	0.500%
Luxemburgo	164,364	15,120	81,415	-	-	260,899	6,171	6,513	-	12,684	158,547	0.4899%	0.500%
United Kingdom	126,421	8,918	17,753	-	-	153,092	6,981	698	-	7,679	95,993	0.2966%	1.000%
Germany	53,511	7,583	3,222	-	-	64,316	2,843	258	-	3,100	38,754	0.1197%	0.750%
Netherlands	20,631	2,604	2,033	-	-	25,268	787	129	-	916	11,456	0.0354%	1.000%
Romania	16,031	517	-	-	-	16,548	785	-	-	785	9,817	0.0303%	0.500%
Norway	8,291	276	24	-	-	8,591	261	2	-	263	3,292	0.0102%	2.500%
Czech Republic	4,213	103	-	-	-	4,316	228	-	-	228	2,849	0.0088%	2.500%
Hong Kong	3,245	248	64	-	-	3,557	243	5	-	248	3,099	0.0096%	1.000%
Croazia	3,657	17	-	-	-	3,674	143	-	-	143	1,786	0.0055%	0.500%
Sweden	2,036	487	476	-	-	2,999	126	38	-	164	2,053	0.0063%	2.000%
Australia	1,136	1,015	159	-	-	2,311	65	13	-	77	968	0.0030%	1.000%
Denmark	614	464	872	-	-	1,949	25	70	-	94	1,179	0.0036%	2.500%
Other	1,176,704	42,316	198,906	-	-	1,417,925	39,843	15,760	-	55,603	695,042	2.1475%	
Total	**11,716,700**	**72,135,578**	**2,169,606**	**-**	**1,277,271**	**87,299,155**	**2,500,572**	**40,971**	**47,651**	**2,589,194**	**32,364,928**	**100.0000%**	

EU CCYB2 – Amount of institution specific countercyclical capital buffer

		a
1	Total risk exposure amount (RWA)	49,793,740
2	Specific countercyclical coefficient of the institution	0.0140%
3	**Specific countercyclical capital buffer requirement of the institution**	**6,971.1**

Annex XI – Disclosure of the leverage ratio

EU LR1 – LR Sum: Summary reconciliation of accounting assets and leverage ratio exposures

		Jun-23
		a
		Applicable amount
1	Total assets as per published financial statements	120,801,069
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	10,601
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	-6,372,796
9	Adjustment for securities financing transactions (SFTs)	-5,240,656
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	6,463,482
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)	-
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	11,312,890
13	**LEVERAGE RATIO TOTAL EXPOSURE MEASURE**	**126,974,590**

EU LR2 – LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures	
		a Jun-23	b Dec-22
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	114,167,529	113,602,933
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-241,772	-441,901
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)	-560,003	-195,987
7	**TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)**	**113,365,754**	**112,965,044**
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	1,531,035	3,746,112
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	905,699	974,436
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	-	-
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	-	-
11	Adjusted effective notional amount of written credit derivatives	3,043,434	3,363,053
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-37,577	-70,885
13	**TOTAL DERIVATIVES EXPOSURES**	**5,442,591**	**8,012,716**
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	6,943,680	6,561,683
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-5,445,529	-2,830,532
16	Counterparty credit risk exposure for SFT assets	204,873	343,946
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	**TOTAL SECURITIES FINANCING TRANSACTION EXPOSURES**	**1,703,024**	**4,075,096**
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	30,218,137	31,767,300
20	(Adjustments for conversion to credit equivalent amounts)	-23,754,916	-24,967,889
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	**OFF-BALANCE SHEET EXPOSURES**	**6,463,222**	**6,799,411**
	Excluded exposures		
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	-	-
EU-22c	(-) Excluded exposures of public development banks - Public sector investments	-	-
EU-22d	(Excluded promotional loans of public development banks: - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-28,957
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)**	**-**	**-28,957**

EULR2 - LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures	
		a Jun-23	b Dec-22
	Capital and total exposure measure		
23	**TIER 1 CAPITAL**	**7,895,855**	**7,601,176**
24	**LEVERAGE RATIO TOTAL EXPOSURE MEASURE**	**126,974,590**	**131,823,310**
	Leverage ratio		
25	Leverage ratio	6.2185%	5.7662%
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments) (%)	6.2185%	5.7662%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	6.2185%	5.5762%
26	Regulatory minimum leverage ratio requirement (%)	3.0000%	3.0000%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.0000%	0.0000%
EU-26b	*of which: to be made up of CET1 capital*	*0.0000%*	*0.0000%*
27	Required leverage buffer (%)	0.0000%	0.0000%
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 receivable	3,309,110	3,515,787
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	1,498,151	3,731,150
30	Total exposures (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)	128,785,549	131,610,947
30a	Total exposures (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)	128,785,549	131,610,947
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.1310%	5.7755%
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)	6.1310%	5.7755%

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

		a Jun-23 CRR leverage ratio exposures
EU-1	**TOTAL ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS, AND EXEMPTED EXPOSURES), OF WHICH:**	**113,927,065**
EU-2	Trading book exposures	5,327,161
EU-3	Banking book exposures, of which:	108,599,904
EU-4	*Covered bonds*	*604,442*
EU-5	*Exposures treated as sovereigns*	*25,227,327*
EU-6	*Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns*	*1,355,376*
EU-7	*Institutions*	*3,163,405*
EU-8	*Secured by mortgages of immovable properties*	*36,656,039*
EU-9	*Retail exposures*	*9,220,515*
EU-10	*Corporate*	*21,459,613*
EU-11	*Exposures in default*	*1,646,804*
EU-12	*Other exposures (eg equity, securitisations, and other non-credit obligation assets)*	*9,266,383*

Annex XIII – Disclosure of liquidity requirements

EU LIQ 1 – Quantitative information of LCR

	Currency and units (XXX million)	Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	**Jun-23**	**Mar-23**	**Dec-22**	**Sep-22**	**Jun-23**	**Mar-23**	**Dec-22**	**Sep-22**
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
1	**Total high-quality liquid assets (HQLA)**					**24,941**	**25,299**	**25,216**	**24,927**
2	Retail deposits and deposits from small business customers, of which:	51,908	52,687	53,111	53,338	3,354	3,412	3,440	3,455
3	*Stable deposits*	*40,940*	*41,462*	*41,763*	*41,940*	*2,047*	*2,073*	*2,088*	*2,097*
4	*Less stable deposits*	*10,968*	*11,224*	*11,348*	*11,398*	*1,307*	*1,339*	*1,352*	*1,358*
5	**Unsecured wholesale funding**	**18,091**	**18,649**	**19,080**	**19,381**	**8,138**	**8,539**	**8,864**	**9,023**
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	18,074	18,589	19,020	19,321	8,122	8,479	8,804	8,963
8	Unsecured debt	17	60	60	60	17	60	60	60
9	Secured wholesale funding					59	109	183	197
10	Additional requirements	3,508	3,508	3,441	3,507	1,327	1,271	1,173	1,141
11	Outflows related to derivative exposures and other collateral requirements	1,066	975	850	722	1,066	975	850	722
12	Outflows related to loss of funding on debt products	16	19	21	88	16	19	21	88
13	Credit and liquidity facilities	2,426	2,514	2,570	2,697	245	277	302	331
14	Other contractual funding	1,694	1,471	1,312	1,444	23	19	9	13
15	Other contingent funding obligations	30,938	30,384	29,487	28,764	2,035	1,999	1,919	1,842
16	TOTAL CASH OUTFLOWS					14,937	15,348	15,588	15,671
	CASH – INFLOWS								
17	Secured lending (e.g. reverse repos)	3,007	2,527	2,383	2,779	75	84	92	99
18	Inflows from fully performing exposures	2,139	2,117	2,022	1,910	1,183	1,159	1,102	1,041
19	Other cash inflows	3,256	3,206	3,147	3,094	697	678	669	661
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	8,402	7,850	7,552	7,783	1,955	1,921	1,864	1,802
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows subject to 90% cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows subject to 75% cap*	*8,402*	*7,850*	*7,552*	*7,783*	*1,955*	*1,921*	*1,864*	*1,802*
EU-21	LIQUIDITY BUFFER					24,941	25,299	25,216	24,927
22	TOTAL NET CASH OUTFLOWS					12,983	13,428	13,724	13,869
23	LIQUIDITY COVERAGE RATIO (%)					193.1076%	189.1151%	183.9544%	179.8752%

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

The *Liquidity Coverage Ratio* (LCR) promotes the short-term resilience of a bank's liquidity risk profile.

In the second quarter of 2023, the Group liquidity was characterized by the lack of signs of strain in the short term, with the LCR (calculated as laid down in the Delegated Regulation (EU) 2015/61) stably and largely above the regulatory limit of 100%.

The indicator decreased compared to the previous quarter (-30.1% from 210.6 in March 2023, to 180.5% in June 2023 mainly due to the repayment of the TLTRO auction (-11.00 €/bn), with an effective impact on the exposure to the ECB of EUR -4.25 bn, given the simultaneous access to the MRO auctions for EUR+6.75 bn.

It should be noted that no methodological changes were made to the presentation of the indicator in the second quarter of 2023.

On a monthly basis, the Group monitors the risk of concentration of sources of financial and commercial funding, with a particular focus on the details of the main non-retail counterparties. At the end of June 2023, in accordance with what is monitored through the Additional Liquidity Monitoring Metrics (ALMM) regulatory reporting, funding through unsecured channels amounts to roughly 75% of the total, of which 8% relating to financial non-retail counterparties and 18% relating to non-financial non-retail counterparties.

In June 2023, the Liquidity buffer shows a prevalence of available liquidity deriving from the reserve held with the ECB (44% of the total Liquidity Buffer, of which Deposit Facility accounting for 42% of the section) and a significant component of Italian and European (52%) government bonds, and other residual components (4%), listed on regulated markets and easily liquidated in the short term.

It should be noted that outflows relating to derivative positions and potential requests for collateral have an impact on the reference aggregate of less than 7%.

It is noted that the liquidity reserves in currencies other than the Euro, as well as the outflows and inflows in foreign currency, components having an incidence below 1% each, are marginal for the MPS Group and do not provoke currency misalignments in the LCR.

Lastly, it is specified that all elements considered relevant to the Group's liquidity profile are considered in determining the LCR.

EU LIQ2: net Stable Funding Ratio – NSFR as at 30.06.2023

		Jun-23				
		a	b	c	d	e
		Unweighted value by residual maturity				
	(in currency amount)	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
	Available stable funding (ASF) Items					
1	Capital items and instruments	8,499,539	-	-	1,818,942	10,318,481
2	*Own funds*	*8,499,539*	-	-	*1,818,942*	*10,318,481*
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		49,257,254	4,014	25,203	46,312,873
5	*Stable deposits*		*39,049,993*	*591*	*935*	*37,098,989*
6	*Less stable deposits*		*10,207,261*	*3,423*	*24,269*	*9,213,884*
7	Wholesale funding:		33,077,601	7,042,118	8,159,014	19,264,050
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		*33,077,601*	*7,042,118*	*8,159,014*	*19,264,050*
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	332,111	2,545,225	968	6,572,517	6,573,001
12	*NSFR derivative liabilities*	*332,111*				
13	*All other liabilities and capital instruments not included in the above categories*		*2,545,225*	*968*	*6,572,517*	*6,573,001*
14	**Total available stable funding (ASF)**					**82,468,406**
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					16,476
EU-15a	Assets encumbered for more than 12m in cover pool		67,566	81,257	4,579,324	4,018,925
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		20,494,717	4,491,524	49,295,304	45,100,269
18	*Performing securities financing transactions with financial cu-stomerscollateralised by Level 1 HQLA subject to 0% haircut*		*4,107,422*	*59,080*	*199,410*	*228,950*
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*1,797,687*	*14,382*	*354,293*	*537,836*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*12,860,954*	*3,087,479*	*22,004,911*	*41,394,672*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*1,511,327*	*1,505,931*	*9,973,654*	*24,064,971*
22	*Performing residential mortgages, of which:*		*641,002*	*782,403*	*23,828,275*	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*623,272*	*761,046*	*23,112,067*	-
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*		*1,087,651*	*548,181*	*2,908,415*	*2,938,810*
25	Interdependent assets		-	-	-	-
26	Other assets:	-	1,687,106	194,702	11,029,888	11,682,804
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and con-tributions to default funds of CCPs*		-	-	*789,155*	*670,782*
29	*NSFR derivative assets*		*139,070*			*139,070*
30	*NSFR derivative liabilities before deduction of variation margin posted*		*983,846*			*49,192*
31	*All other assets not included in the above categories*		*564,189*	*194,702*	*10,240,733*	*10,823,760*
32	Off-balance sheet items		4,237,692	2,333,744	4,881,986	880,938
33	**Total RSF**					**61,699,412**
34	**Net Stable Funding Ratio (%)**					**133.6616%**

EU LIQ2: net Stable Funding Ratio – NSFR as at 31.03.2023

		Mar-23				
		a	b	c	d	e
			Unweighted value by residual maturity			
	(in currency amount)	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value
	Elementi di finanziamento stabile disponibile (ASF)					
1	Capital items and instruments	7,893,150	-	-	1,857,655	9,750,806
2	*Own funds*	*7,893,150*	-	-	*1,857,655*	*9,750,806*
3	*Other capital instruments*		-	-	-	-
4	Retail deposits		50,476,671	2,573	24,823	47,457,499
5	*Stable deposits*		*40,026,360*	*770*	*1,064*	*38,026,837*
6	*Less stable deposits*		*10,450,312*	*1,803*	*23,759*	*9,430,662*
7	Wholesale funding:		36,131,467	4,102,790	10,951,484	20,315,774
8	*Operational deposits*		-	-	-	-
9	*Other wholesale funding*		*36,131,467*	*4,102,790*	*10,951,484*	*20,315,774*
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	282,032	3,326,534	952	6,017,077	6,017,553
12	*NSFR derivative liabilities*	*282,032*				
13	*All other liabilities and capital instruments not included in the above categories*		*3,326,534*	*952*	*6,017,077*	*6,017,553*
14	**Finanziamento stabile disponibile (ASF) totale**					**83,541,632**
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					14,770
EU-15a	Assets encumbered for more than 12m in cover pool		66,979	80,264	4,555,341	3,997,196
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		22,373,643	4,468,804	49,765,150	46,807,020
18	*Performing securities financing transactions with financial cu-stomerscollateralised by Level 1 HQLA subject to 0% haircut*		*4,409,839*	*205,778*	*199,410*	*302,299*
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*2,344,859*	*22,078*	*297,810*	*543,716*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*13,718,586*	*3,053,431*	*22,183,609*	*42,973,514*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*1,624,433*	*1,460,562*	*10,068,100*	*24,768,219*
22	*Performing residential mortgages, of which:*		*703,167*	*803,911*	*24,081,062*	-
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		*682,675*	*781,230*	*23,334,216*	-
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*		*1,197,192*	*383,607*	*3,003,259*	*2,987,490*
25	Interdependent assets		-	-	-	-
26	Other assets:	-	1,733,477	159,554	10,902,950	11,576,806
27	*Physical traded commodities*				-	-
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		-	-	*827,370*	*703,264*
29	*NSFR derivative assets*		*152,346*			*152,346*
30	*NSFR derivative liabilities before deduction of variation margin posted*		*1,011,143*			*50,557*
31	*All other assets not included in the above categories*		*569,988*	*159,554*	*10,075,580*	*10,670,639*
32	Off-balance sheet items		2,226,680	3,071,442	6,008,932	947,113
33	**Total RSF**					**63,342,904**
34	**Net Stable Funding Ratio (%)**					**131.8879%**

The Net Stable Funding Ratio (NSFR) is a structural 12-month liquidity indicator. In the second quarter of 2023, the Group liquidity was characterized by the lack of signs of strain in the medium- and long-term, with the NSFR significantly above the regulatory limit of 100%. The indicator shows an increase compared with the figure at 31 March 2023 (+1.8% quarter-on-quarter), due in particular to the increase in own funds owing to the calculation of profits generated in the first half of the year.

It should also be noted that no interdependent assets or liabilities are reported within the NSFR.

Annex XV – Disclosure of credit risk quality

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

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions*						Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		of which STAGE 1	of which STAGE 2		of which STAGE 2	of which STAGE 3		of which STAGE 1	of which STAGE 2		of which STAGE 2	of which STAGE 3			
Cash balances at central banks and other demand deposits	**11,667,792**	**11,667,435**	**357**	**-**	**-**	**-**	**-298**	**-275**	**-23**	**-**	**-**	**-**		**24**	**-**
Loans and advances	**77,117,434**	**66,461,655**	**10,497,499**	**3,186,760**	**-**	**3,172,653**	**-448,686**	**-99,205**	**-349,475**	**-1,587,837**	**-**	**-1,577,382**	**-29,826**	**59,762,032**	**1,400,001**
Central banks	30,337	30,337	-	-	-	-	-	-	-	-	-	-	-	5,336	-
General governments	1,619,280	1,588,391	30,889	15,497	-	15,497	-4,242	-3,325	-917	-9,024	-	-9,024	-7	153,070	31
Credit institutions	2,238,297	2,208,655	29,641	-	-	-	-413	-220	-193	-	-	-	-54	866,003	-
Other financial corporations	5,213,113	5,007,641	205,472	6,445	-	6,445	-11,724	-5,230	-6,494	-4,176	-	-4,176	-	3,851,780	1,456
Non-financial corporations	33,860,836	26,409,842	7,310,217	2,230,572	-	2,217,076	-288,987	-53,594	-235,387	-1,223,886	-	-1,213,655	-29,017	22,618,097	856,419
Of which SMEs	20,307,343	15,193,915	5,074,557	1,245,244	-	1,233,444	-196,931	-26,106	-170,819	-627,636	-	-618,155	-18,494	15,587,934	549,888
Households	34,155,571	31,216,788	2,921,279	934,246	-	933,634	-143,321	-36,837	-106,484	-350,751	-	-350,527	-748	32,267,746	542,095
Debt securities	**13,830,992**	**13,703,152**	**16,521**	**22,358**	**-**	**-**	**-11,211**	**-10,831**	**-380**	**-18,700**	**-**	**-**	**-**	**-**	**-**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	11,137,658	11,132,681	4,977	-	-	-	-8,747	-8,705	-42	-	-	-	-	-	-
Credit institutions	1,100,207	1,100,207	-	-	-	-	-589	-589	-	-	-	-	-	-	-
Other financial corporations	1,337,810	1,240,942	5,586	21,400	-	-	-730	-670	-60	-18,700	-	-	-	-	-
Non-financial corporations	255,316	229,322	5,959	958	-	-	-1,145	-866	-279	-	-	-	-	-	-
Off-balance-sheet exposures	**34,268,540**	**32,684,689**	**1,344,249**	**517,990**	**-**	**509,293**	**34,897**	**18,603**	**14,518**	**113,733**	**-**	**106,327**		**3,487,093**	**13,123**
Central banks	60	60	-	-	-	-	-	-	-	-	-	-		-	-
General governments	1,061,495	1,059,140	2,295	3,175	-	3,175	59	47	12	-	-	-		15,054	-
Credit institutions	1,832,489	1,813,646	-	-	-	-	268	268	-	-	-	-		4,319	-
Other financial corporations	3,768,522	3,745,486	15,742	1,437	-	1,437	361	174	187	427	-	427		2,650,856	3
Non-financial corporations	25,412,258	24,019,934	1,181,391	499,824	-	491,127	31,589	16,502	13,312	111,862	-	104,456		689,248	11,271
Households	2,193,717	2,046,424	144,821	13,554	-	13,554	2,620	1,613	1,007	1,445	-	1,445		127,616	1,849
Total	**136,884,758**	**124,516,932**	**11,858,626**	**3,727,108**	**-**	**3,681,947**	**-494,794**	**-128,640**	**-364,373**	**-1,720,271**	**-**	**-1,683,709**	**-29,826**	**63,249,149**	**1,413,124**

(*) it should be noted that for columns (g) to (l), the total does not include adjustments related to Cash balances at central banks and other demand deposits.

Loans to customers amounted to EUR 77.1 billion as at 30 June 2023, broadly in line with the data as at 31 December 2022; there was a decrease in mortgages, which were affected by the slowing demand for residential mortgages given the level of interest rates, but a slight increase in loans to enterprises.

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	6,693,707	13,378,017	15,244,698	42,577,785	-	77,894,208
2	Debt securities	-	2,075,128	4,556,020	7,149,673	-	13,780,822
3	**Total**	**6,693,707**	**15,453,146**	**19,800,719**	**49,727,458**	**-**	**91,675,030**

Loans and Advances does not include loans and advances classified as held for sale, central bank holdings and other demand deposits.

The supervisory reporting for template EU CR2 'Changes in the stock of nonperforming loans and advances' does not apply to Montepaschi Group since, as of 30 June 2023, the NPL ratio is below the 5% threshold.

As at 30 June 2023, gross nonperforming loans were less than 5%, therefore the information reported below is limited to the tables required when this parameter is not exceeded. In addition, Table CQ4 is not applicable because the international originating exposures are less than 10% of the total.

EU CQ1 - Credit quality of forborne exposures

	a	b	c	d	e	f	g	h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
Loans and advances	**1,523,079**	**1,098,990**	**1,098,990**	**1,090,254**	**-67,523**	**-457,626**	**1,770,463**	**589,748**
Central banks	-	-	-	-	-	-	-	-
General governments	*7,076*	-	-	-	*-108*	-	-	-
Credit institutions	-	-	-	-	-	-	-	-
Other financial corporations	*6,922*	*1,121*	*1,121*	*1,121*	*-51*	*-524*	*6,772*	*564*
Non-financial corporations	*1,094,298*	*717,485*	*717,485*	*708,885*	*-48,726*	*-335,430*	*1,138,908*	*342,603*
Households	*414,784*	*380,384*	*380,384*	*380,247*	*-18,638*	*-121,672*	*624,783*	*246,581*
Debt securities	**20,036**	**958**	**958**	-	-	-	-	-
Loan commitments given	**19,878**	**10,950**	**10,950**	**10,950**	**54**	-	**4,573**	**143**
Total	**1,562,992**	**1,110,899**	**1,110,899**	**1,101,204**	**-67,577**	**-457,626**	**1,775,036**	**589,891**

EU CQ5 – Credit quality of loans and advances to non-financial corporations 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			
1	Agriculture, forestry and fishing	1,265,622	66,281	66,281	1,263,117	-43,349	-11
2	Mining and quarrying	78,436	1,888	1,888	78,436	-2,034	-
3	Manufacturing	11,157,387	509,599	509,599	11,028,279	-338,730	-1,861
4	Electricity, gas, steam and air conditioning supply	898,229	76,216	76,216	898,229	-56,320	-
5	Water supply	860,929	18,858	18,858	860,929	-16,247	-
6	Construction	3,004,767	331,352	331,352	3,004,767	-248,171	-
7	Wholesale and retail trade	7,018,382	348,649	348,649	7,007,784	-235,677	-
8	Transport and storage	1,502,999	49,839	49,839	1,502,999	-40,509	-
9	Accommodation and food service activities	1,902,065	169,759	169,759	1,901,743	-101,465	-
10	Information and communication	658,085	43,534	43,534	658,085	-29,238	-
11	Financial and insurance activities	118,111	47	47	118,111	-1,081	-
12	Real estate activities	3,904,408	352,195	352,195	3,904,059	-225,520	-231
13	Professional, scientific and technical activities	1,148,093	55,668	55,668	1,148,093	-47,070	-
14	Administrative and support service activities	974,328	68,111	68,111	967,556	-32,327	-6,509
15	Public administration and defence, compulsory social security	7,239	0	0	7,239	-28	-
16	Education	40,983	1,761	1,761	40,983	-1,035	-
17	Human health services and social work activities	566,998	37,890	37,890	566,998	-17,351	-
18	Arts, entertainment and recreation	244,823	24,469	24,469	244,823	-16,119	-
19	Other services	739,522	74,458	74,458	739,522	-51,991	-
20	**Total**	**36,091,408**	**2,230,572**	**2,230,572**	**35,941,753**	**-1,504,260**	**-8,612**

EU CQ7 – Collateral obtained by taking possession and execution processes

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
1	Property, plant and equipment (PP&E)	-	-
2	Other than PP&E	93,564	-55,591
3	*Residential immovable property*	-	-
4	*Commercial Immovable property*	*50,708*	*-22,059*
5	*Movable property (auto, shipping, etc.)*	-	-
6	*Equity and debt instruments*	*42,856*	*-33,533*
7	*Other*	-	-
8	**Total**	**93,564**	**-55,591**

Annex XVII – Disclosure of the use of credit risk mitigation techniques

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

		a	b	c	d	e
		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
1	**Loans and advances**	**28,773,132**	**61,162,033**	**46,135,681**	**15,026,352**	-
2	Debt securities	13,823,439	-	-	-	
3	**Total Debit securities**	**42,596,570**	**61,162,033**	**46,135,681**	**15,026,352**	-
4	Of which non-performing exposures	202,580	1,400,001	966,015	433,987	-
EU-5	*Of which defaulted*	*202,580*	*1,400,001*	*966,015*	*433,987*	-

As at 30 June 2023, more than 68% of loans and advances are guaranteed, in line with the data as at 31 December 2022. Of this, more than 75% is secured by collateral (real estate or financial).

Annex XIX – Disclosure of the use of the standardised approach (excluding counterparty risk and positions to securitization)

EU CR4 – Credit risk exposure and CRM effects

	Exposures class	a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures before CCF and CRM		RWAs and RWA density	
		On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Central governments or central banks	25,120,324	124,795	39,587,935	243,244	2,326,915	5.8419%
2	Regional governments or local authorities	949,797	531,834	964,103	128,644	218,166	19.9649%
3	Public sector entities	405,579	482,053	401,733	55,729	404,612	88.4472%
4	Multilateral development banks	42,425	15,000	42,425	-	-	0.0000%
5	International organisations	22,848	-	22,848	-	-	0.0000%
6	Institutions	2,268,553	1,425,127	2,288,064	168,922	722,965	29.4249%
7	Corporates	2,565,391	2,169,214	2,234,697	205,409	1,903,957	78.0276%
8	Retail	455,837	400,358	353,249	32,651	257,557	66.7418%
9	Secured by mortgages on immovable property	1,246,537	6,979	1,243,985	3,487	456,058	36.5586%
10	Exposures in default	70,136	37,841	64,105	2,734	78,275	117.1085%
11	Higher-risk categories	34,735	22,521	34,735	5,200	59,902	150.0000%
12	Covered bonds	604,442	-	604,442	-	72,453	11.9868%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0.0000%
14	Collective investments undertakings	288,903	-	288,903	-	341,695	118.2733%
15	Equity	802,224	-	802,224	-	1,517,209	189.1255%
16	Other items	5,044,584	-	5,044,584	-	3,552,967	70.4313%
17	**Total**	**39,922,314**	**5,215,721**	**53,978,033**	**846,020**	**11,912,731**	**21.7290%**
17	**Total as exposure**	**45,138,035**		**54,824,053**		**11,912,731**	**21.7290%**

EU CR5 – Standardised approach

	Exposures classes	Classes of credit worthiness (Weighting Factors)															Total	Without rating
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	225 - 250%	370%	1250%	Others		
1	Central governments or central banks	38,555,858	-	-	-	-	-	9,279	-	-	561,639	-	704,403	-	-	-	**39,831,179**	15,911,719
2	Regional governments or local authorities	-	-	-	-	1,092,747	-	-	-	-	-	-	-	-	-	-	**1,092,747**	1,092,747
3	Public sector entities	-	-	-	-	43,919	-	35,430	-	-	378,114	-	-	-	-	-	**457,462**	376,794
4	Multilateral development banks	42,425	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**42,425**	42,425
5	International organisations	22,848	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**22,848**	22,848
6	Institutions	38,210	448,230	-	-	1,316,524	-	405,033	-	-	248,990	-	-	-	-	-	**2,456,987**	801,017
7	Corporates	875	-	-	-	548,983	-	122,178	-	-	1,678,286	89,784	-	-	-	-	**2,440,106**	1,453,567
8	Retail	-	-	-	-	-	-	-	-	385,900	-	-	-	-	-	-	**385,900**	257,313
9	Secured by mortgages on immovable property	-	-	-	-	-	997,147	250,325	-	-	-	-	-	-	-	-	**1,247,472**	1,166,767
10	Exposures in default	-	-	-	-	-	-	-	-	-	43,969	22,871	-	-	-	-	**66,840**	37,397
11	Higher-risk categories	-	-	-	-	-	-	-	-	-	-	39,935	-	-	-	-	**39,935**	39,935
12	Covered bonds	-	-	-	484,354	120,089	-	-	-	-	-	-	-	-	-	-	**604,442**	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**	-
14	Collective investment undertakings	140	-	-	-	12,107	-	1,055	-	-	152,363	123,099	-	-	139	-	**288,903**	288,903
15	Equity	-	-	-	-	-	-	-	-	-	325,566	-	476,657	-	-	-	**802,224**	759,723
16	Other items	681,953	-	-	-	1,014,748	-	96	-	-	3,343,425	4,363	-	-	-	-	**5,044,584**	5,001,628
17	**Total**	**39,342,309**	**448,230**	**-**	**484,354**	**4,149,116**	**997,147**	**823,395**	**-**	**385,900**	**6,732,351**	**280,051**	**1,181,061**	**-**	**139**	**-**	**54,824,053**	27,252,783

Annex XXI – Disclosure of the use of the IRB approach to credit risk

EU CR6 – IRB Approach: Exposures to or secured by corporates - SMEs

Corporates - SME AIRB	PD scale	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
	a	b	c	d	e	f	g	h	i	j	h	l	m
	0.00 to <0.15	10,017	3,441	9.5790%	10,346	0.0300%	4	51.4630%	1	761	7.3534%	2	0
	0.00 to <0.10	10,017	3,441	9.5790%	10,346	0.0300%	4	51.4630%	1	761	7.3534%	2	0
	0.10 to <0.15	-	-	0.0000%	-	0.0000%	-	0.0000%	-	-	0.0000%	-	-
	0.15 to <0.25	117,403	492,857	13.1640%	183,002	0.1860%	413	35.3510%	2	39,779	21.7369%	118	-404
	0.25 to <0.50	1,331,402	2,285,353	13.0270%	1,631,495	0.4260%	3,302	34.9980%	2	519,559	31.8456%	2,430	-3,168
	0.50 to <0.75	141,571	47,391	16.6610%	149,818	0.6430%	250	27.1250%	3	50,969	34.0203%	261	-309
	0.75 to <2.50	4,118,527	1,932,027	14.1340%	4,413,893	1.3760%	5,630	32.1120%	3	2,151,551	48.7450%	19,094	-24,834
	0.75 to <1.75	3,501,291	1,793,755	13.7420%	3,764,633	1.2130%	4,840	32.8290%	3	1,806,702	47.9915%	14,882	-17,820
	1.75 to <2.5	617,236	138,272	19.2210%	649,259	2.3220%	790	27.9570%	3	344,848	53.1141%	4,212	-7,014
	2.50 to <10.00	2,286,433	547,835	15.0730%	2,380,563	4.6880%	2,955	32.2130%	3	1,716,003	72.0839%	35,506	-65,382
	2.5 to <5	1,680,834	456,103	15.8090%	1,762,335	3.6540%	2,350	32.7600%	3	1,178,690	66.8823%	20,943	-32,704
	5 to <10	605,599	91,733	11.4190%	618,228	7.6360%	605	30.6520%	4	537,313	86.9118%	14,563	-32,677
	10.00 to <100.00	489,691	103,066	20.1920%	513,016	21.9850%	447	27.8840%	3	508,872	99.1922%	31,039	-36,174
	10 to <20	261,534	80,130	17.3810%	276,962	13.4170%	284	28.5940%	3	263,265	95.0545%	10,665	-13,309
	20 to <30	110,632	17,973	30.5620%	116,480	21.8780%	95	28.0130%	3	124,165	106.5973%	7,197	-8,633
	30.00 to <100.00	117,526	4,963	28.0210%	119,574	41.9360%	68	26.1140%	4	121,442	101.5626%	13,177	-14,233
	100.00 (Default)	921,622	80,328	22.4300%	939,639	100.0000%	659	50.8860%	3	454,351	48.3538%	486,973	-547,377
Total		**9,416,665**	**5,492,299**	**13.9340%**	**10,221,772**	**12.0627%**	**13,660**	**34.1142%**	**3**	**5,441,845**	**53.2378%**	**575,423**	**-677,648**

EU CR6 – IRB approach: Exposures to or secured by corporates – Other companies

Corporates - Other AIRB	PD scale	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
	a	b	c	d	e	f	g	h	i	j	h	l	m
	0.00 to <0.15	131,055	1,129,410	15,7710%	310,007	0.0520%	217	41.5630%	2	51,153	16.5007%	65	-690
	0.00 to <0.10	131,055	1,129,410	15,7710%	310,007	0.0520%	217	41.5630%	2	51,153	16.5007%	65	-690
	0.10 to <0.15	-	-	0,0000%	-	0.0000%	-	0.0000%	-	-	0.0000%	-	-
	0.15 to <0.25	209,850	554,407	19,4840%	318,773	0.1900%	231	39.7830%	2	96,346	30.2239%	241	-865
	0.25 to <0.50	2,337,102	4,523,320	15,0950%	3,022,239	0.3670%	940	41.1210%	2	1,410,195	46.6606%	4,536	-6,495
	0.50 to <0.75	649,021	1,740,089	21,0570%	1,015,668	0.6000%	111	44.7810%	2	666,412	65.6131%	2,729	-3,617
	0.75 to <2.50	3,374,974	3,479,724	22,0840%	4,149,061	1.2960%	1,442	40.8210%	2	3,425,648	82.5644%	22,345	-22,814
	0.75 to <1.75	3,026,138	2,744,449	16,6530%	3,488,779	1.0900%	1,396	39.8760%	2	2,627,678	75.3180%	15,127	-19,095
	1.75 to <2.5	348,836	735,275	42,3560%	660,282	2.3840%	46	45.8130%	2	797,971	120.8530%	7,218	-3,719
	2.50 to <10.00	953,996	816,208	26,8030%	1,173,961	4.1740%	431	40.8520%	2	1,413,602	120.4131%	19,958	-25,633
	2.5 to <5	693,130	539,465	22,5020%	815,350	3.2400%	347	40.8530%	1	890,775	109.2506%	10,746	-7,962
	5 to <10	260,866	276,743	35,1870%	358,610	6.2960%	84	40.8500%	2	522,828	145.7927%	9,212	-17,671
	10.00 to <100.00	131,676	52,745	25,4120%	145,080	15.4200%	57	36.0250%	2	243,103	167.5644%	8,015	-6,346
	10 to <20	103,701	36,520	14,9350%	109,156	12.1030%	41	35.7750%	2	174,973	160.2972%	4,715	-3,640
	20 to <30	22,713	15,208	51,4440%	30,537	21.5700%	12	37.3000%	2	59,572	195.0815%	2,457	-2,112
	30.00 to <100.00	5,262	1,016	12,3560%	5,387	47.7700%	4	33.8620%	1	8,557	158.8325%	844	-595
	100.00 (Default)	244,737	250,257	35,9650%	334,742	100.0000%	181	58.7320%	1	137,801	41.1665%	198,329	-216,921
Total		**8,032,411**	**12,546,160**	**19,3365%**	**10,469,531**	**4.5641%**	**3,610**	**41.7918%**	**2**	**7,444,261**	**71.1041%**	**256,217**	**-283,381**

The following table shows a breakdown by PD band with quantitative details for the advanced IRB approach of the Portfolio “Retail Exposures” divided by regulatory asset class:

- *Secured by real estate - SMEs,*
- *Secured by real estate - Individuals,*
- *Qualifying revolving,*
- *Other retail exposures - SMEs,*
- *Other retail exposures - Individuals*

EU CR6 – IRB Approach: Retail exposures secured by real estate - SMEs

Retail - Secured by immovable property SME - AIRB	PD scale	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
	a	b	c	d	e	f	g	h	i	j	h	l	m
	0.00 to <0.15	-	-	0.0000%	-	0.0000%	-	0.0000%	-	-	0.0000%	-	-
	0.00 to <0.10	-	-	0.0000%	-	0.0000%	-	0.0000%	-	-	0.0000%	-	-
	0.10 to <0.15	-	-	0.0000%	-	0.0000%	-	0.0000%	-	-	0.0000%	-	-
	0.15 to <0.25	1,099	-	0.0000%	1,103	0.2200%	10	22.0420%	-	85	7.6670%	1	-1
	0.25 to <0.50	68,571	313	18.9020%	69,277	0.4190%	259	22.8270%	-	8,754	12.6355%	66	-167
	0.50 to <0.75	289,795	921	11.0970%	290,822	0.6680%	2,510	19.7160%	-	44,144	15.1790%	382	-484
	0.75 to <2.50	1,712,839	14,273	9.7250%	1,720,615	1.6420%	13,594	20.9470%	-	499,171	29.0112%	5,923	-12,978
	0.75 to <1.75	1,405,044	9,298	13.7870%	1,411,039	1.4970%	12,171	20.3740%	-	373,340	26.4585%	4,243	-9,640
	1.75 to <2.5	307,795	4,975	2.1320%	309,576	2.3070%	1,423	23.5590%	-	125,830	40.6461%	1,681	-3,338
	2.50 to <10.00	935,030	10,757	11.3040%	939,099	4.7910%	6,812	21.4540%	-	519,355	55.3035%	9,731	-21,607
	2.5 to <5	659,466	8,563	11.5050%	662,385	3.7710%	4,748	21.3510%	-	326,314	49.2635%	5,365	-12,214
	5 to <10	275,564	2,194	10.5200%	276,714	7.2340%	2,064	21.7010%	-	193,041	69.7618%	4,366	-9,393
	10.00 to <100.00	264,329	1,886	4.5540%	265,937	20.3310%	1,859	21.7650%	-	250,392	94.1544%	12,037	-17,217
	10 to <20	175,509	1,450	0.0430%	176,340	14.0550%	1,342	21.0800%	-	154,109	87.3928%	5,199	-9,871
	20 to <30	41,125	283	19.6040%	41,411	22.5980%	244	22.4530%	-	44,335	107.0594%	2,090	-2,994
	30.00 to <100.00	47,695	154	19.4160%	48,186	41.3470%	273	23.6770%	-	51,948	107.8082%	4,748	-4,353
	100.00 (Default)	355,391	462	0.0000%	355,391	100.0000%	1,704	41.1870%	-	165,424	46.5472%	153,911	-198,470
Total		**3,627,052**	**28,612**	**9.9654%**	**3,642,244**	**13.3143%**	**26,748**	**23.0502%**	**-**	**1,487,323**	**40.8354%**	**182,051**	**-250,925**

EU CR6 – IRB Approach: Retail exposures secured by real estate - Individuals

Retail - Secured by immovable property non-SME - AIRB	PD scale	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
	a	b	c	d	e	f	g	h	i	j	h	l	m
	0.00 to <0.15	256,806	218	1.7120%	256,819	0.0900%	2,491	16.4840%	-	9,833	3.8286%	38	-200
	0.00 to <0.10	256,220	218	1.7120%	256,233	0.0900%	2,483	16.4880%	-	9,809	3.8282%	38	-199
	0.10 to <0.15	586	-	0.0000%	586	0.1100%	8	14.8090%	-	23	4.0117%	0	-1
	0.15 to <0.25	2,666,849	7,137	1.6260%	2,666,969	0.1700%	32,376	16.4080%	-	164,861	6.1816%	744	-1,839
	0.25 to <0.50	16,259,702	10,265	1.7120%	16,260,002	0.3500%	217,692	16.7870%	-	1,744,914	10.7313%	9,592	-12,985
	0.50 to <0.75	866	-	0.0000%	866	0.5000%	5	23.3190%	-	167	19.2691%	1	-1
	0.75 to <2.50	3,916,944	3,714	1.6560%	3,917,245	1.4520%	58,269	16.2830%	-	1,077,785	27.5138%	9,413	-10,781
	0.75 to <1.75	1,789,583	2,361	1.7120%	1,789,669	0.9900%	28,097	15.2820%	-	360,912	20.1664%	2,708	-2,470
	1.75 to <2.5	2,127,362	1,353	1.5580%	2,127,576	1.8400%	30,172	17.1250%	-	716,872	33.6943%	6,705	-8,312
	2.50 to <10.00	1,839,146	2,029	1.5300%	1,839,656	5.5160%	24,566	16.7180%	-	1,094,573	59.4988%	16,876	-36,908
	2.5 to <5	989,437	1,074	1.6900%	989,566	3.9200%	13,046	16.9400%	-	514,004	51.9424%	6,570	-9,406
	5 to <10	849,709	955	1.3500%	850,090	7.3750%	11,520	16.4600%	-	580,569	68.2950%	10,306	-27,503
	10.00 to <100.00	338,802	634	0.0110%	339,180	22.9760%	4,403	16.2670%	-	328,202	96.7636%	12,681	-22,503
	10 to <20	238,376	279	0.0260%	238,541	18.5310%	3,164	16.2500%	-	227,470	95.3591%	7,183	-13,924
	20 to <30	54	-	0.0000%	54	29.5200%	1	23.4870%	-	79	145.4204%	4	-4
	30.00 to <100.00	100,372	356	0.0000%	100,585	33.5160%	1,238	16.3020%	-	100,653	100.0682%	5,494	-8,575
	100.00 (Default)	622,114	1,970	0.0000%	622,114	100.0000%	7,568	27.3400%	-	231,468	37.2067%	173,888	-208,910
Total		**25,901,230**	**25,968**	**1.4947%**	**25,902,851**	**3.5520%**	**347,370**	**16.9107%**	**-**	**4,651,802**	**17.9587%**	**223,232**	**-294,126**

EU CR6 – IRB Approach: Retail Exposures - Qualifying revolving

Retail - Qualifying revolving - AIRB	PD scale	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
	a	b	c	d	e	f	g	h	i	j	h	l	m
	0.00 to <0.15	12,923	78,155	1.6290%	14,197	0.1090%	34,402	46.2510%	-	452	3.1820%	7	-21
	0.00 to <0.10	655	283	1.5560%	659	0.0900%	679	25.4520%	-	10	1.4871%	0	0
	0.10 to <0.15	12,268	77,871	1.6300%	13,537	0.1100%	33,723	47.2640%	-	442	3.2646%	7	-21
	0.15 to <0.25	4,795	4,835	1.6320%	4,875	0.1700%	6,810	25.0420%	-	121	2.4787%	2	-2
	0.25 to <0.50	15,554	18,790	1.5960%	15,856	0.3550%	23,357	26.9230%	-	780	4.9188%	16	-7
	0.50 to <0.75	4,879	8,663	1.5880%	5,017	0.5000%	6,410	43.5800%	-	517	10.3071%	11	-8
	0.75 to <2.50	200,666	50,656	1.5160%	201,439	0.9690%	294,749	48.0900%	-	37,179	18.4565%	915	-372
	0.75 to <1.75	180,725	12,935	1.5020%	180,920	0.8410%	273,809	49.1640%	-	31,528	17.4264%	746	-304
	1.75 to <2.5	19,941	37,721	1.5200%	20,519	2.1040%	20,940	38.6210%	-	5,651	27.5394%	169	-68
	2.50 to <10.00	59,232	48,945	1.3870%	59,922	5.2490%	36,425	42.3770%	-	33,489	55.8877%	1,354	-870
	2.5 to <5	22,877	33,009	1.4750%	23,370	3.4090%	17,581	39.6580%	-	9,152	39.1627%	312	-154
	5 to <10	36,355	15,936	1.2040%	36,552	6.4260%	18,844	44.1160%	-	24,337	66.5809%	1,041	-717
	10.00 to <100.00	7,246	5,464	1.1010%	7,307	22.3090%	4,630	43.7790%	-	8,888	121.6336%	718	-305
	10 to <20	6,189	5,056	1.1180%	6,246	19.3050%	3,830	43.7690%	-	7,494	119.9825%	528	-273
	20 to <30	597	355	0.7920%	599	29.5200%	362	43.8300%	-	826	137.7849%	78	-28
	30.00 to <100.00	461	52	1.5010%	462	53.5700%	438	43.8510%	-	568	123.0020%	112	-4
	100.00 (Default)	5,522	2,427	0.0000%	5,522	100.0000%	2,856	48.0330%	-	4,600	83.3023%	2,651	-3,343
Total		**310,819**	**217,934**	**1.5126%**	**314,135**	**3.9330%**	**409,639**	**45.3177%**	**-**	**86,025**	**27.3849%**	**5,673**	**-4,928**

EU CR6 – IRB Approach: Retail Exposures - SMEs

Retail - Other SME - AIRB	PD scale	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
	a	b	c	d	e	f	g	h	i	j	h	l	m
	0.00 to <0.15	-	15,000	22.5470%	3,382	0.0300%	1	48.0690%	-	130	3.8399%	0	-1
	0.00 to <0.10	-	15,000	22.5470%	3,382	0.0300%	1	48.0690%	-	130	3.8399%	0	-1
	0.10 to <0.15	-	-	0.0000%	-	0.0000%	-	0.0000%	-	-	0.0000%	-	-
	0.15 to <0.25	4,938	22,425	12.5610%	7,754	0.2200%	99	36.1270%	-	976	12.5923%	6	-10
	0.25 to <0.50	240,942	1,290,808	13.0150%	409,017	0.3900%	13,603	40.6430%	-	81,282	19.8725%	634	-3,386
	0.50 to <0.75	297,674	659,797	23.6040%	453,531	0.6540%	22,371	35.8010%	-	109,407	24.1234%	1,061	-694
	0.75 to <2.50	1,564,199	1,704,962	18.2940%	1,877,437	1.4450%	73,072	37.9200%	-	658,618	35.0807%	10,300	-5,815
	0.75 to <1.75	1,299,309	1,497,678	18.0080%	1,569,879	1.2930%	48,450	36.9370%	-	518,130	33.0044%	7,433	-3,673
	1.75 to <2.5	264,890	207,284	20.3610%	307,557	2.2210%	24,622	42.9370%	-	140,488	45.6787%	2,867	-2,142
	2.50 to <10.00	989,542	551,918	21.5910%	1,110,840	4.9840%	40,805	38.3800%	-	510,739	45.9777%	21,236	-18,321
	2.5 to <5	652,388	431,243	21.7830%	747,346	3.7510%	27,499	38.3620%	-	333,366	44.6067%	10,729	-7,446
	5 to <10	337,154	120,674	20.9050%	363,494	7.5180%	13,306	38.4190%	-	177,372	48.7966%	10,507	-10,876
	10.00 to <100.00	217,254	52,678	21.2360%	231,158	19.7700%	16,836	38.8460%	-	150,890	65.2757%	17,849	-12,499
	10 to <20	147,258	37,424	18.8250%	156,068	13.9200%	13,015	39.7520%	-	96,238	61.6641%	8,665	-7,090
	20 to <30	39,857	8,552	23.8590%	42,200	23.2360%	1,666	37.0130%	-	30,046	71.1987%	3,620	-2,733
	30.00 to <100.00	30,138	6,702	31.3520%	32,890	43.0820%	2,155	36.8970%	-	24,606	74.8141%	5,564	-2,676
	100.00 (Default)	592,628	101,810	33.8980%	627,140	100.0000%	15,400	69.5080%	-	216,002	34.4424%	443,266	-470,402
Total		**3,907,175**	**4,399,398**	**18.3367%**	**4,720,258**	**16.0990%**	**182,187**	**42.3071%**	**-**	**1,728,044**	**36.6091%**	**494,353**	**-511,128**

EU CR6 – IRB Approach: Retail Exposures - Individuals

Retail - Other non-SME - AIRB	PD scale	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
	a	b	c	d	e	f	g	h	i	j	h	l	m
	0.00 to <0.15	6,815	333,410	53.5900%	185,510	0.1090%	65,105	45.4620%	-	23,694	12.7726%	92	-168
	0.00 to <0.10	4,611	8,523	28.5100%	7,050	0.0900%	155	28.7380%	-	493	6.9930%	2	-10
	0.10 to <0.15	2,204	324,887	54.2480%	178,460	0.1100%	64,950	46.1230%	-	23,201	13.0009%	91	-158
	0.15 to <0.25	41,563	130,809	13.4170%	59,193	0.1700%	4,803	24.4180%	-	5,550	9.3769%	25	-27
	0.25 to <0.50	143,948	202,749	28.7000%	202,720	0.3660%	19,298	27.1650%	-	35,055	17.2922%	206	-249
	0.50 to <0.75	36,030	93,702	54.3360%	87,545	0.5000%	17,228	38.8710%	-	25,940	29.6310%	170	-145
	0.75 to <2.50	262,671	266,300	49.5300%	402,845	1.6350%	77,008	34.9930%	-	172,268	42.7628%	2,257	-1,681
	0.75 to <1.75	71,893	148,783	51.3700%	151,387	0.8360%	43,603	37.4190%	-	55,387	36.5863%	459	-264
	1.75 to <2.5	190,778	117,517	47.2000%	251,459	2.1160%	33,405	33.5330%	-	116,881	46.4813%	1,798	-1,418
	2.50 to <10.00	444,768	129,009	33.0370%	496,943	4.8730%	84,121	32.2240%	-	249,493	50.2055%	7,784	-10,581
	2.5 to <5	171,022	67,389	37.6040%	199,395	3.4270%	19,598	32.5200%	-	97,474	48.8850%	2,204	-2,268
	5 to <10	273,746	61,620	28.0420%	297,548	5.8420%	64,523	32.0250%	-	152,019	51.0904%	5,580	-8,313
	10.00 to <100.00	43,046	5,875	29.6160%	47,168	24.4980%	7,348	25.5480%	-	28,586	60.6046%	3,071	-1,857
	10 to <20	30,569	4,975	31.0610%	33,176	19.1960%	4,089	26.6700%	-	20,558	61.9656%	1,701	-1,397
	20 to <30	8,983	483	30.2020%	9,332	29.5200%	1,124	17.4140%	-	4,384	46.9765%	480	-318
	30.00 to <100.00	3,494	418	11.7240%	4,660	52.1910%	2,135	33.8450%	-	3,644	78.2047%	890	-142
	100.00 (Default)	128,777	3,701	17.8390%	129,438	100.0000%	17,907	57.4880%	-	45,352	35.0381%	74,616	-88,817
Total		**1,107,618**	**1,165,556**	**41.3749%**	**1,611,362**	**10.7535%**	**292,818**	**35.7122%**	**-**	**585,939**	**36.3630%**	**88,221**	**-103,525**

EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

	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 Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)	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 (%)	Unfunded credit Protection (UFCP) – Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	Credit risk Mitigation methods in the calculation of RWEAs – RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and sustitution effects)
		a	b	c	d	e	f	g	h	i	j	k	l	m	n
1	Central governments and central banks	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	-
2	Institutions	-	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-	-
3	Corporates	22,029,848	0.43%	27.89%	23.32%	0.00%	4.57%	0.00%	0.00%	0.00%	0.00%	8.88%	0.00%	13,888,323	13,883,544
3,1	*Of which Corporates – SMEs*	*10,221,772*	*0.64%*	*49.76%*	*42.83%*	*0.00%*	*6.92%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*8.74%*	*0.00%*	*5,444,322*	*5,441,845*
3,2	*Of which Corporates – Specialised lending*	*1,338,545*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*997,438*	*997,438*
3,3	*Of which Corporates – Other*	*10,469,531*	*0.28%*	*10.10%*	*7.24%*	*0.00%*	*2.86%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*10.16%*	*0.00%*	*7,446,563*	*7,444,261*
4	Retail	36,190,850	0.37%	83.02%	81.94%	0.00%	1.08%	0.00%	0.00%	0.00%	0.00%	2.69%	0.00%	8,540,332	8,539,134
4,1	*Of which Retail – Immovable property SMEs*	*3,642,244*	*0.03%*	*99.93%*	*99.93%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.01%*	*0.00%*	*1,487,640*	*1,487,323*
4,2	*Of which Retail – Immovable property non-SMEs*	*25,902,851*	*0.01%*	*99.96%*	*99.96%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*4,651,802*	*4,651,802*
4,3	*Of which Retail – Qualifying revolving*	*314,135*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*86,025*	*86,025*
4,4	*Of which Retail – Other SMEs*	*4,720,258*	*1.96%*	*9.86%*	*2.04%*	*0.00%*	*7.83%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*20.11%*	*0.00%*	*1,728,923*	*1,728,044*
4,5	*Of which Retail – Other non-SMEs*	*1,611,362*	*2.27%*	*2.93%*	*1.65%*	*0.00%*	*1.28%*	*0.00%*	*0.00%*	*0.00%*	*0.00%*	*1.57%*	*0.00%*	*585,940*	*585,939*
	Total	**58,220,698**	**0.39%**	**62.16%**	**59.76%**	**0.00%**	**2.40%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**5.04%**	**0.00%**	**22,428,655**	**22,422,678**

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

		RWA
1	**Risk weighted exposure amount as at the end of the previous reporting period**	**22,851,836**
2	Asset size	-
3	Asset quality	-
4	Model updates	-221,753
5	Methodology and policy	-
6	Acquisitions and disposals	77
7	Foreign exchange movements	-
8	Other	-
9	**Risk weighted exposure amount as at the end of the reporting period**	**22,630,160**

- The information in this template includes counterparty credit risk (CCR) exposures and specialised lending.

In 2Q2023, the estimates of the ELBE component for the LGD Defaulted Asset models were updated by incorporating the most recent information from the macroeconomic time series; this resulted in an increase in the ELBE LGD, reducing the difference between the ELBE LGD and the Downturn LGD, with a consequent reduction in RWAs in the Non-Performing portfolio.

Annex XXIII – Disclosure of specialised lending

EU CR10.1 – Specialised lending and equity exposures under the simple riskweighted approach: Project finance (Slotting approach)

		Specialised lending : Project finance (Slotting approach)					
Regulatory categories	Remaining maturity	On-balancesheet exposure	Off-balancesheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		a	b	c	d	e	f
Category 1	Less than 2.5 years	5,083	12,028	50%	11,197	5,051	-
	Equal to or more than 2.5 years	245,617	43,765	70%	266,682	177,597	1,067
Category 2	Less than 2.5 years	5,732	9,003	70%	10,233	6,011	41
	Equal to or more than 2.5 years	78,706	16,868	90%	87,140	69,111	697
Category 3	Less than 2.5 years	1	9,061	115%	682	784	19
	Equal to or more than 2.5 years	15,426	43,724	115%	37,288	36,374	1,044
Category 4	Less than 2.5 years	-	-	250%	-	-	-
	Equal to or more than 2.5 years	-	-	250%	-	-	-
Category 5	Less than 2.5 years	35,642	-	-	35,642	-	17,821
	Equal to or more than 2.5 years	9,667	-	-	9,667	-	4,833
Total	Less than 2.5 years	46,457	30,092		57,754	11,845	17,881
	Equal to or more than 2.5 years	349,416	104,357		400,777	283,082	7,641

EU CR10.2 – Specialised lending and equity exposures under the simple riskweighted approach: Income-producing real estate and high volatility commercial real estate (Slotting approach)

Specialised lending : Income-producing real estate and high volatility commercial real estate (Slotting approach)							
Regulatory categories	Remaining maturity	On-balancesheet exposure	Off-balancesheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		a	b	c	d	e	f
Category 1	Less than 2.5 years	-	-	50%	-	-	-
	Equal to or more than 2.5 years	-	-	70%	-	-	-
Category 2	Less than 2.5 years	162,369	58,314	70%	190,647	121,248	763
	Equal to or more than 2.5 years	349,073	232,435	90%	462,041	356,642	3,696
Category 3	Less than 2.5 years	17,861	7,888	115%	21,615	24,058	605
	Equal to or more than 2.5 years	118,758	66,937	115%	152,226	143,615	4,262
Category 4	Less than 2.5 years	1,994	1	250%	1,994	4,023	160
	Equal to or more than 2.5 years	19,732	3,240	250%	21,352	42,179	1,708
Category 5	Less than 2.5 years	10,254	245	-	10,499	-	5,767
	Equal to or more than 2.5 years	16,881	1,052	-	17,407	-	8,765
Total	Less than 2.5 years	192,479	66,448	-	224,755	149,329	7,295
	Equal to or more than 2.5 years	504,444	303,664	-	653,026	542,436	18,432

EU CR10.3 – Specialised lending and equity exposures under the simple riskweighted approach: Object finance (Slotting approach)

Specialised lending : Object finance (Slotting approach)							
Regulatory categories	Remaining maturity	On-balancesheet exposure	Off-balancesheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
		a	b	c	d	e	f
Category 1	Less than 2.5 years	-	-	50%	-	-	-
	Equal to or more than 2.5 years	-	-	70%	-	-	-
Category 2	Less than 2.5 years	-	-	70%	-	-	-
	Equal to or more than 2.5 years	-	-	90%	-	-	-
Category 3	Less than 2.5 years	-	-	115%	-	-	-
	Equal to or more than 2.5 years	-	-	115%	-	-	-
Category 4	Less than 2.5 years	6,630	1,711	250%	6,630	13,536	530
	Equal to or more than 2.5 years	-	-	250%	-	-	-
Category 5	Less than 2.5 years	-	-	-	-	-	-
	Equal to or more than 2.5 years	-	-	-	-	-	-
Total	Less than 2.5 years	6,630	1,711	-	6,630	13,536	530
	Equal to or more than 2.5 years	-	-	-	-	-	-

Annex XXV – Disclosure of exposures to counterparty credit risk

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)	-	-		1.4	-	-	-	-
EU-2	EU - Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	141,108	484,694		1.4	2,441,098	876,124	874,584	613,993
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	*Of which securities financing transactions netting sets*			-		-	-	-	-
2b	*Of which derivatives and long settlement transactions netting sets*			-		-	-	-	-
2c	*Of which from contractual cross-product netting sets*			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					1,879,666	552,478	552,469	117,155
5	VaR for SFTs					-	-	-	-
6	**Total**					**4,320,764**	**1,428,602**	**1,427,053**	**731,148**

The following table provide CVA (Credit value Adjustment) regulatory calculations (with a breakdown by standardised and advanced approaches).

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

		Exposure value	RWA
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**	**760,304**	**446,316**
EU4	Based on the original exposure method	-	-
5	**Total subject to the CVA capital charge**	**760,304**	**446,316**

The following table provide a breakdown of CCR exposures by portfolio (type of counterparties) and by risk weight (riskiness attributed according to the standardized approach).

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

		Classes of credit worthiness (Weighting Factors)											
		a	b	c	d	e	f	g	h	i	j	k	l
	Exposures classes	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	-	-	-	-	-	-	-	-	-	-	-	-
2	Regional governments or local authorities	-	-	-	-	3,100	-	-	-	-	-	-	3,100
3	Public sector entities	-	-	-	-	2,050	-	-	-	1,217	-	-	3,267
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	1,246,131	-	-	200,172	169,612	-	-	17,488	-	-	1,633,403
7	Corporates	-	-	-	-	3,360	41,631	-	-	358,014	-	-	403,004
8	Retail	-	-	-	-	-	-	-	1,611	-	-	-	1,611
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	**Total**	**-**	**1,246,131**	**-**	**-**	**208,681**	**211,242**	**-**	**1,611**	**376,719**	**-**	**-**	**2,044,385**

EU CCR4.1 – IRB approach – CCR exposures by exposure class and PD scale: corporate

		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
Class 01	0.00 to <0.15	1,642	0.0690%	20	45.0370%	1	254	15.4963%
Class 02	0.15 to <0.25	5,491	0.1745%	37	42.6588%	1	1,366	24.8734%
Class 03	0.25 to <0.50	26,896	0.3528%	282	44.4684%	2	13,767	51.1850%
Class 04	0.50 to <0.75	237,167	0.6000%	29	13.8372%	3	64,564	27.2231%
Class 05	0.75 to <2.50	87,113	1.2214%	548	38.7460%	2	65,183	74.8249%
Class 06	2.50 to <10.00	198,780	5.1829%	193	8.9144%	0	54,707	27.5212%
Class 07	10.00 to <100.00	659	22.6836%	17	43.5292%	3	1,178	178.8103%
Class 08	100.00 (Default)	487	100.0000%	19	42.1959%	4	253	51.9861%
Total		**558,235**	**2.4240%**	**1,145**	**17.8821%**	**2**	**201,272**	**36.0550%**

The total amount for columns (a), (c), (f), and (g) includes the slotting criteria

EU CCR4.2 – IRB approach – CCR exposures by exposure class and PD scale: retail

		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
Class 01	0.00 to <0.15	-	0.0000%	-	0.0000%	-	-	0.0000%
Class 02	0.15 to <0.25	-	0.0000%	-	0.0000%	-	-	0.0000%
Class 03	0.25 to <0.50	917	0.4110%	84	41.1290%	-	194	21.1198%
Class 04	0.50 to <0.75	58,892	0.6800%	70	1.3000%	-	634	1.0761%
Class 05	0.75 to <2.50	4,379	1.5080%	376	39.5370%	-	1,621	37.0118%
Class 06	2.50 to <10.00	1,474	4.8990%	164	38.5660%	-	675	45.8154%
Class 07	10.00 to <100.00	378	16.1960%	37	38.2290%	-	232	61.2869%
Class 08	100.00 (Default)	127	100.0000%	29	47.1480%	-	65	50.9660%
Total		**66,168**	**1.1040%**	**760**	**5.5110%**	**-**	**3,420**	**5.1687%**

EU CCR5 – Composition of collateral for CCR exposures

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
	Collateral type	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	-	1,626,984	-	1,183,424	-	-	-	-
2	Cash – other currencies	-	9,447	-	6,234	-	-	-	-
3	Domestic sovereign debt	-	799,575	-	-	-	6,948,220	-	10,449,268
4	Other sovereign debt	-	-	-	-	-	-	-	-
5	Government agency debt	-	-	-	-	-	-	-	-
6	Corporate bonds	-	-	-	-	-	24,823	-	318,154
7	Equity securities	-	-	-	-	-	39,541	-	7,570
8	Other collateral	-	-	-	-	-	87,800	-	-
9	**Total**	**-**	**2,436,005**	**-**	**1,189,659**	**-**	**7,100,384**	**-**	**10,774,993**

The table EU CCR6 shows the notional values of credit derivative contracts, by the role played by the Montepaschi Group (buyer/seller of protection). It should be noted that as at the date of this document, the Group did not have any transactions in credit derivatives hedging loan book exposures.

EU CCR6 – Credit derivatives exposures

		Jun-23	
		a	b
		Protection bought	Protection sold
Notionals			
1	Single-name credit default swaps	-	-
2	Index credit default swaps	67,000	-
3	Total return swaps	-	-
4	Credit options	-	-
5	Other credit derivatives	114,573	3,043,434
6	**Total notionals**	**181,573**	**3,043,434**
Fair values			
7	Positive fair value (asset)	-	-
8	Negative fair value (liability)	-4,580	-

EU CCR8 – Exposures to CCPs

		Jun-23	
		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**33,944**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	1,246,131	24,923
3	*(i) OTC derivatives*	*834,891*	*16,698*
4	*(ii) Exchange-traded derivatives*	*7,350*	*147*
5	*(iii) SFTs*	*403,891*	*8,078*
6	*(iv) Netting sets where cross-product netting has been approved*	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	715,404	3,653
9	Prefunded default fund contributions	268,429	5,369
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	-	-

[1]*QCCP: Qualifying Central Counterparty*

Annex XXVII – Disclosure of exposures to securitisation positions

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			of which SRT		STS	Non-STS			STS	Non-STS		
			of which SRT		of which SRT											
1	**Total exposures**	**-**	**-**	**1,726,801**	**88,723**	**1,223,321**	**1,180,867**	**2,950,122**	**-**	**-**	**-**	**-**	**-**	**7,681**	**-**	**7,681**
2	Retail (total)	-	-	1,638,078	-	381,226	364,636	2,019,304	-	-	-	-	-	7,681	-	7,681
3	residential mortgage	-	-	1,101,708	-	-	-	1,101,708	-	-	-	-	-	7,681	-	7,681
4	credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	other retail exposures	-	-	536,370	-	381,226	364,636	917,596	-	-	-	-	-	-	-	-
6	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	88,723	88,723	842,095	816,231	930,818	-	-	-	-	-	-	-	-
8	loans to corporates	-	-	35,485	35,485	842,095	816,231	877,580	-	-	-	-	-	-	-	-
9	commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	other wholesale	-	-	53,238	53,238	-	-	53,238	-	-	-	-	-	-	-	-
12	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

MPS Group does not have within their traditional securitisations, ABCP programmes.

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**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**40,631**	**-**	**40,631**
2	Retail (total)	-	-	-	-	-	-	-	-	-	15,851	-	15,851
3	residential mortgage	-	-	-	-	-	-	-	-	-	15,851	-	15,851
4	credit card	-	-	-	-	-	-	-	-	-	-	-	-
5	other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-
6	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	-	-	-	-	-	24,781	-	24,781
8	loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-
9	commercial mortgage	-	-	-	-	-	-	-	-	-	24,781	-	24,781
10	lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-
11	other wholesale	-	-	-	-	-	-	-	-	-	-	-	-
12	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-

EU SEC3 – Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		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	1250% /deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% /deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% /deductions
1	**Total exposures**	**1,234,105**	**-**	**-**	**35,485**	**-**	**1,216,352**	**-**	**53,238**	**-**	**573,711**	**-**	**7,986**	**-**	**45,897**	**-**	**639**	**-**
2	Traditional transactions	53,238	-	-	35,485	-	35,485	-	53,238	-	396,581	-	7,986	-	31,726	-	639	-
3	Securitisation	53,238	-	-	35,485	-	35,485	-	53,238	-	396,581	-	7,986	-	31,726	-	639	-
4	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	*Of which STS*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Wholesale	53,238	-	-	35,485	-	35,485	-	53,238	-	396,581	-	7,986	-	31,726	-	639	-
7	*Of which STS*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic transactions	1,180,867	-	-	-	-	1,180,867	-	-	-	177,130	-	-	-	14,170	-	-	-
10	Securitisation	1,180,867	-	-	-	-	1,180,867	-	-	-	177,130	-	-	-	14,170	-	-	-
11	Retail underlying	364,636	-	-	-	-	364,636	-	-	-	54,695	-	-	-	4,376	-	-	-
12	Wholesale	816,231	-	-	-	-	816,231	-	-	-	122,435	-	-	-	9,795	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

EU SEC4 – Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU-p	EU-q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
		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	1250% /deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% /deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% /deductions
1	**Total exposures**	**-**	**-**	**2,155**	**5,526**	**-**	**-**	**7,681**	**-**	**-**	**-**	**13,942**	**-**	**-**	**-**	**1,115**	**-**	**-**
2	Traditional transactions	-	-	2,155	5,526	-	-	7,681	-	-	-	13,942	-	-	-	1,115	-	-
3	Securitisation	-	-	2,155	5,526	-	-	7,681	-	-	-	13,942	-	-	-	1,115	-	-
4	Retail underlying	-	-	2,155	5,526	-	-	7,681	-	-	-	13,942	-	-	-	1,115	-	-
5	*Of which STS*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	*Of which STS*	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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**	**23,316,269**	***19,686,518***	**-488,349**
2	Retail (total)	2,167,382	*97,585*	5,664
3	residential mortgage	1,101,708	*58,894*	4,374
4	credit card	-	-	-
5	other retail exposures	1,065,674	*38,691*	1,289
6	re-securitisation	-	-	-
7	Wholesale (total)	21,148,887	*19,588,933*	-494,012
8	loans to corporates	21,100,175	*19,588,933*	-494,012
9	commercial mortgage	-	-	-
10	lease and receivables	-	-	-
11	other wholesale	48,712	-	-
12	re-securitisation	-	-	-

Annex XXX – Disclosure of use of standardized approach and internal model for market risk

EU MR1 - Market risk under the standardised approach

	Jun-23	
	a	b
	RWA	Capital requirements
Interest rate risk (generic and specific)	1,049,403	83,952
Equity risk (generic and specific)	805,959	64,477
Exchange risk	232,360	18,589
Commodity risk	71,300	5,704
Options		
Simplified Method	-	-
Delta-Plus Method	56,831	4,546
Scenario Method	-	-
Securitisation (specific risk)	134,099	10,728
Total	**2,349,952**	**187,996**

Annex XXXVII – Disclosure on exposures to interest rate risk on positions not held in the trading book (EBA/ITS/2021/07)

The Group adopts an interest rate risk governance and management system known as the 'IRRBB Framework' which uses of:

- a quantitative model, which provides the basis for monthly calculation of the exposure of the Group and the individual companies to interest rate risk in terms of risk indicators;
- risk monitoring processes, aimed at periodically verifying compliance with the operational limits assigned to the Group overall and to the individual legal entities;
- risk control and management processes finalized to adequate initiatives for optimising the risk profile and activating any necessary corrective actions.

Within the above system, definition of policies for managing the Group's Banking Book and controlling its interest rate risk are centralised in the Parent Company: The Banking Book consists of all exposures not included in the Trading Book and, in accordance with international best practices, identifies the set of the Group's commercial trades connected to the transformation of maturities in the assets and liabilities and ALM financial activities (treasury and risk hedging derivatives). The strategic objectives for the management of interest rate risk in the Banking Book, based on interest rate measures (express in terms of variation in both economic value and in net interest income) in compliance with the operational limits and strategic KRIs, are set, at least once a year, in the IRRBB Strategy document submitted by the Finance Function – subject to the prior opinion of the Finance and Liquidity Committee – for the approval of the Board of Directors of the Parent Company, as established by corporate regulations. The pursuit of the objectives is operationally managed by the Finance Function, which reports monthly to the Finance and Liquidity Committee on any changes in the metrics, the market situation, any transactions performed as well as the situation regarding existing hedges. Risk Appetite and Risk Tolerance thresholds on IRRBB metrics are set within the Risk Appetite Statement. Operational limits are then defined in terms of internal capital and IRRBB metrics (Delta EVE, Delta NII, and Basis Risk). Specific limits are also set at individual level. A formalized escalation process ensures verification of compliance with the delegated limits and adequate information to top management in the event of any breach.

The Bank also defines strategic KRIs for the management of IRRBB, expressed in terms of "appetite" and approved by the Board of Directors, to monitor the proper pursuit of the strategy.

The metrics and limits are monitored monthly and, together with ongoing monitoring of the market situation, represent the main tool for defining operational asset and liability management choices.

Moreover, the IRRBB framework is periodically and regularly subjected to internal audits and validation checks, to guarantee the continuous pursuit of correctness of the processes, calculation methods and estimation of the behavioural models.

The periodicity of calculation of internal metrics is monthly, while for regulatory metrics it is quarterly (STE). In both cases, the discounting curve is the EUR6M curve, while the specific curves for each benchmark are used for the forecasting process. In the Group's IRRBB framework, the economic value sensitivity measures are processed by clearing the origination of the cash flows of the components not directly relating to interest rate risk. Non-performing loans entries are considered net of their credit impairment. In the development of internal metrics, the Montepaschi Group applies a predefined set of interest rate scenarios to capture a wide range of curve dynamics, including both parallel shift of different magnitudes and changes in the shape of the yield curve.

With reference to the regulatory measures produced, the scenarios are constructed in accordance with the provisions of the EBA Guidelines (EBA/GL/2018/02). In particular, for the sensitivity measures of the economic value, six scenarios of Parallel up, Parallel down, Steepener, Flattener, Short rates up and Short rates down are used.

Also, with reference to the calculation of internal metrics, an additional set of scenarios constructed from historical rate data is used. The internal scenarios differ from the regulatory scenarios in terms of different magnitudes and minimum rate levels.

The analysis of net interest income, given that the measure focuses on the short term, exclusively involves the application of parallel scenarios with reference to both the regulatory and internal measures.

Regarding the differences between internal and regulatory measures, it should be noted that, with reference to the economic value, the sensitivity of the various currencies (moreover, the concentration is almost exclusively on euros), produced within the scope of internal metrics, are aggregated without applying any weighting.

IRRBB is managed through the hedging of asset and liability items.

Hedges are carried out on fixed-rate mortgages, the optional components of floating-rate mortgages, bonds on the assets side, fixed-rate paper funding and fixed-rate deposit accounts at maturity. By managing these hedges, the Finance department pursues the risk objective (in terms of delta EVE, delta NII, Basis Risk) established by the IRRBB strategy approved by the Board of Directors. The hedges are linked by hedge accounting to the items covered: the approach is of a macro type for commercial items and of a micro type for paper liabilities and securities in the assets.

Risk metrics are calculated by using a model for the valuation of demand items (Non-Maturity Deposits, NMDs) whose characteristics of stability and partial insensitivity to interest rate changes are described in the systems with a statistical approach based on the time series of customer behaviours.

The methodology is divided into two profiles to which correspond two distinct and integrated analyses:

- Rate Analysis: To describe the relationship between the remuneration rates of the on-demand items with respect to a short-term market parameter (elasticity)
- Volume analysis: To represent the behavioural maturity of the on-demand items, highlighting the high degree of persistence of the aggregates (stability). The volume analysis translates the amount of on-demand items into a portfolio of amortising items at maturity.

The model for on-demand items is developed through econometric analyses relating to individual customer clusters defined through an appropriate segmentation analysis. The average duration of repricing aggregated for total on-demand deposits (for retail and wholesale non-financial counterparties) is 1.91 years (4.55 years considering only the inelastic core component). Modelled on-demand funding has a maximum maturity of 16 years.

The Montepaschi Group also uses:

- a scenario-dependent behavioural model based on survival analysis for Banca MPS's portfolio of performing fixed-rate retail residential mortgages and a simplified CPR (Constant Prepayment Rate) for the remaining part of the parent company's mortgages;
- a behavioural model based on TDRR (Time Deposits Redemption Rate) survival analysis to factor in the phenomenon of early repayment on the Parent Company's

fixed-rate time deposits;

- from December 2022, a statistical method for estimating the future utilisation of the margins available on loan commitments).

As of July 2022, NII sensitivities in the internal metrics are also accompanied by changes in fair value by interest rate component of instruments accounted for in FVOCI and FVTPL.

It should be noted that the Group:

- continuously and carefully monitors the various characteristics of the overall risk profile, partly due to the presence of contractual optionality, which makes the risk profile more dependent on market trends and on interest rates and the related volatility,
- is committed to the constant updating of risk measurement methods, through the progressive refinement of estimation models, to capture the main phenomena that gradually modify the interest rate risk profile of the banking book.

Based on the foregoing and reiterating that the Group's exposure is almost entirely allocated to the euro, below is the Group's position (in euros) at June 2023 compared with the position at December 2022.

EU IRRBB1 - Interest rate risks of non-trading book activities

	Supervisory shock scenarios	a	b	c	d
		Changes of the economic value of equity (*)		Changes of the net interest income	
		Jun-23	Dec-22	Jun-23	Dec-22
1	Parallel up	-454,997	-294,311	162,889	155,690
2	Parallel down	139,326	44,238	-243,171	-201,684
3	Steepener	22,628	73,207		
4	Flattener	-138,164	-212,046		
5	Short rates up	-246,616	-268,291		
6	Short rates down	111,006	122,605		

(*) *It should be noted that the value shown in columns A and B (Changes of the economic value) uses the currency aggregation rules provided for in the STE template. In internal metrics, this weighting is not applied.*

With regard to the changes in sensitivity compared to December 2022, it is worth noting that the Montepaschi Group has a profile with a growing exposure in the parallel-up scenario, mainly due to an increase in fixed-rate exposures related to commercial operations as a result of loan renegotiations and a sharp increase in short-term interest rates (e.g. euribor rates).

In terms of the net interest income metric, there is greater alignment and stability compared with December 2022.

Annex XXXIX – Prudential disclosures on ESG risks

The purpose of this Annex is to describe – in accordance with Article 449*bis* of CRR2 – the state of the art with respect to the identification, management and mitigation of risks related to environmental, social and governance (ESG) issues according to the guidance provided by the EBA in the "Implementing Technical Standards (ITS) on Pillar-3 disclosures on environmental, social and governance (ESG) risks", as implemented and amended by the "Implementing Regulation (EU) 2021/637". The disclosure is divided, as required by the aforementioned Regulation, into a first part of qualitative information on environmental risks, social risk, and those related to aspects of Governance. It then provides quantitative tables on exposures to the Climate Change risks, which constitute a subset of Environmental risks that are particularly urgent for financial intermediaries to address and mitigate, due to relevance they may assume in the risks related to their respective activities, as well as the role that intermediaries themselves are called upon to play in the economic system in order to support and stimulate stakeholders towards the so-called transition to a zero-emission economy, in accordance with the international agreements on the reduction of greenhouse gas (GHG) emissions and the consequent containment of the rise in temperature to a level that is sustainable for the planet.

For the publication of the quantitative tables, the EBA ITS provides for a phase-in approach, with five tables being considered mandatory from the first publication and the remaining five by 30 June 2024, since their completion is linked to the availability of more complex information in terms of data collection and measurement methodology, in particular, those related to GHG emissions reporting, alignment metrics or disclosure on the Green Asset Ratio (GAR) and the Banking Book Taxonomy Alignment Ratio (BTAR).

For further information on climate risk management, please refer to the 2022 Non-Financial Statement, available on the Group's corporate website under Sustainability/ Reports - Banca MPS (gruppomps.it), section 3.2 Sustainable Finance Climate Change.

Qualitative Information on Environmental Risks

Environmental Risks - *Business Strategy and processes [ref. ITS qualitative table 1 – (a-d)]*

The MPS Group, which has always been committed to conducting its business in such a way as to limit its direct impact on the environment, is focusing on a broader and more structured approach based on the assessment of all direct and indirect impacts on the environment resulting from the objectives set by the international community in terms of climate change mitigation/ adaptation and other environmental protection targets, as set out in the European Taxonomy of Sustainability. In particular, with regard to the decarbonisation of economic activity, MPS embraces the role assigned by the European Community to financial intermediaries to support and guide all stakeholders (clients, employees, counterparties in any capacity involved in their supply chain) in the transition to a low-carbon economy. In terms of strategic, medium and long-term action, the Bank has already introduced a series of direct emission reduction targets in its 2022-2026 Business Plan, which include:

- a 60 per cent reduction in its direct Scope 1 emissions compared to 2017, through thermal efficiency initiatives and the purchase of carbon offset credits to offset emissions from the use of natural gas;
- the use of 100% renewable energy and energy efficiency measures to reduce electricity consumption;
- a reduction in Scope 3 emissions, mainly related to digitisation initiatives.

For more details on the approach already adopted and the strategies to reduce direct environmental impacts, please refer to the dedicated section 3.2.2 within the 2022 Non-Financial Statement.

In 2022, the Bank joined the Net-Zero Banking Alliance (NZBA), an initiative launched by the United Nations in April 2021, which builds on the Global Banking Alliance on Climate Change and aims to accelerate the sustainable transition of the international banking sector and promote the achievement of the goal of zero net greenhouse gas emissions by 2050. By joining the Alliance, the Bank has committed to set GHG emission reduction targets for its lending and investment portfolio, and in particular to set and publish interim targets for its high-emitting business sectors (....) by July 2023 and for the remaining high-emitting business sectors by the end of 2024. In this first phase, the following activities have been carried out:

1. Definition of the baseline of financed emissions of the corporate portfolio as at

31.12.2022;

2. Identification of the available and most relevant emissions metrics for each sector;
3. Selection of baseline and target climate scenarios;
4. Simulation of emissions pathways by sector based on the chosen reference scenario and definition of NZBA targets;
5. Screening and comparison of sectors to identify priority sectors for NZBA targets.

The analysis of the emerging evidence identified the three priority sectors for targeting:

Iron&Steel, Power Generation and Oil&Gas.

Specifically, compared to the 2022 financed emissions baseline, the Group aims to achieve the following targets by sector in 2030:

- Iron&Steel: 29% reduction in scope 1 and 2 emissions;
- Power Generation: 77% reduction in scope 1 and 2 emissions;
- Oil&Gas: 40% reduction in Scope 1, 2 and 3 emissions.

To achieve these targets, strategies and credit processes will be put in place to support companies in the identified sectors in their transition to a sustainable economy.

In addition, the Bank is implementing the activities envisaged in the "ESG Programme", which has a specific project structure sponsored by the CFO and the CRO, divided into specific project strands covering the five pillars of the ESG framework that the Group intends to develop (Strategy, Governance, Business Model, Risk & Regulation and Reporting & Communication). Among the tools to guide activities towards transition, particular importance is given to the adoption of credit policies and processes that take into account the ESG profile of the customer, collected through questionnaires completed by the customer or through information obtained independently by the Bank from public databases or specialised data providers.

The Plan includes targets of at least 20% of new disbursements for ESG purposes (special purpose loans or loans with environmental impact reduction covenants) by 2026 (10% by 2024) and the placement of ESG-related investment products (with a target of 40% of AuM of the total placed). In line with these objectives, it is planned to offer loans for the purchase of highly energy-efficient buildings (energy classes A and B).

For the issue of EUR 2.5 billion of **Green and Social Bonds** - another objective of the Plan that further strengthens the Group's commitment to sustainability – the Advisor has been appointed and work has begun on defining the ESG framework that will establish the rules and procedures for identifying and monitoring eligible projects.

Environmental Risks - *Governance* *[ref. ITS qualitative table 1 – (e-i)]*

With regard to the Group's sustainability governance on all ESG issues, the By-Laws of Banca MPS have been amended to include a specific reference to environmental, social and governance sustainability profiles.

The "Group Sustainability and ESG Directive" defines the organisational model adopted by the Group in the area of ESG and identifies the areas of commitment on which the development of the Group's Sustainable Business model is based. The areas are defined in accordance with the Group's Code of Ethics, external regulations, Italian and international guidelines as well as the standards and initiatives to which the Group has voluntarily subscribed in the area of Sustainability. Further details and documents on sustainability governance can also be found on the MPS website: https://www.gruppomps.it/sostenibilita/index.html

The **Board of Directors** is responsible for incorporating sustainable objectives into the business plan, the internal control and risk management system and the remuneration policy.

The Board of Directors approves the sustainability strategies and policies, the Sustainability Plan, the policy and coordination of non-financial disclosure, the Group Sustainability and ESG Policy, the Materiality Matrix and the Non-Financial Statement (NFS). It also determines compliance with national and supranational sustainability initiatives.

The Board of Directors defines the Risk Appetite Framework (RAF) and approves the Risk Appetite Statement (RAS) at least once a year, including the risk appetite and KRI limits defined for ESG risks.

The Risk and Sustainability Committee (RSC), which is part of the Board of Directors, is specifically focused on the monitoring of sustainability issues, with assessment, proposal-making and advisory functions, in the context of assessments and decisions relating to the Group's positioning, policies and macro-objectives on ESG topics, and monitors their implementation over time. The RSC also makes a significant contribution to the definition of strategic guidelines and ESG risk management policies, with particular reference to the impact of climate and environmental risks on the business model and corporate strategy. In particular, the RSC is responsible for assessing the adequacy of the Risk Appetite Framework, including ESG risk appetite levels and relative risk tolerance thresholds, monitoring the overall effectiveness of the controls in place and the Group's positioning on sustainability.

With particular reference to communication, monitoring and reporting on sustainability, the **Board of Statutory Auditors** supervises compliance with the provisions of Legislative Decree No. 254 of 30 December 2016 on the preparation of Non-Financial Statements.

The Chief Executive Officer oversees the activities related to sustainability and the actions to be implemented, monitoring and ensuring the achievement of the objectives set.

Through the ESG and Sustainability sessions of its meetings, the **Management Committee** ("Comitato Direttivo") supports the CEO in defining strategic guidelines and sustainability policies and in finalising the Sustainability Plan initiatives. The Committee also monitors the development of the Sustainability Plan initiatives, ensuring appropriate sponsorship of the initiatives and addressing critical issues in order to achieve the Group's strategic objectives.

The **Chief Financial Officer**, as head of the Sustainability and ESG function, and the **Sustainability and ESG Staff Unit**, which reports to the CFO, formulate ESG strategy proposals by gathering and integrating the input from all business functions into the Group Sustainability Plan, which they then edit and update. The CFO and the Sustainability Staff Unit then ensure the consistent implementation of all the Group's ESG initiatives and assess their positioning in relation to international best practice. They are also responsible for coordinating the non-financial disclosure and reporting activities that result from compliance with sustainability principles and standards, with the support of the **Permanent Sustainability Work Group**, an inter-functional group with representatives from all business and control functions, with the aim of facilitating dialogue between business functions and reporting on the policies implemented and results achieved.

The **Chief Risk Officer** and the **Risk Management Function** are tasked with integrating ESG risk factors into the risk management framework and defining methodologies to measure the impact of ESG risks, with a particular focus on climate and environmental (C&E) risks. The Risk Management Function supports the definition of the risk appetite in the Group's Risk Appetite Statement (RAS) and regularly prepares and executes specific reports aimed at quantifying the Montepaschi Group's exposure to ESG risks, which are submitted to the corporate bodies.

The **Compliance function** monitors the consistency of ESG developments (both in terms of strategic initiatives and controls) with external national and European regulations, in particular the ECB, EBA and ESMA guidelines on ESG risks. It also assesses the potential impact of changes in the legal and regulatory environment in the area of sustainability on the Group's activities and compliance framework, and monitors/ supervises the correct application of internal and external regulations in the area of sustainability.

The **Audit Function** is responsible for assessing the adequacy of the internal controls system, in particular the models used to measure ESG risks and, more generally, the controls put in place to manage sustainability issues.

The **Permanent Sustainability Work Group**, made up of representatives from all corporate functions, is the point of reference between the Sustainability and ESG functions and the representatives' respective functions, with the aim of promoting dialogue with the corporate structures, identifying, managing and monitoring initiatives to achieve the corporate sustainability objectives, and gathering useful information for reporting on the policies implemented and results achieved in the area of sustainability.

Of particular importance is the Group Sustainability Plan, which sets out the medium- and long-term objectives that the Bank intends to set itself in relation to all ESG issues, both in terms of supporting the environmental transition, not only in terms of climate, but also in relation to all the other objectives of the European Environmental Sustainability Taxonomy.

With regard to the remuneration policy, no variable incentive systems have been activated for the Group's banking employees for 2022. From 2023, the Group has planned to use specific ESG objectives to determine variable remuneration, as further described in the Remuneration Report published on the Group's website at https://www.gruppomps.it/corporate-governance/remuneration.html, which should be referred to for further details.

Environmental Risks - *Risk Management [ref. ITS qualitative table 1 – (j-r)]*

Risks related to the environment are defined as "generated" when they arise from the Bank's own activities, while they are "suffered" when they result from the characteristics or actions of parties that have some kind of relationship with the Bank (customers, employees, suppliers, etc.), or even from exogenous events, such as physical events, that arise from particular environmental stress conditions, for example as a result of climate change, or from stresses on other relevant factors as indicated in the EU Taxonomy of

Sustainable Activities (2020/852), which, in addition to Climate Change Mitigation / Adaptation, also identifies the protection of water and marine resources, the transition to a circular economy and waste treatment, pollution reduction and the protection of biodiversity. The Bank's approach, based on the aforementioned Taxonomy and its ongoing specification, has been to map the risks associated with the different items of the taxonomy in order to clearly define the next steps of analysis and treatment applicable to each risk. The table below shows the mapping that has been introduced.

MAP OF ENVIRONMENTAL THEMES AND ENVIRONMENTAL RISKS

<table>
<tr><th>Main topics</th><th>Potential risks</th><th>Financial / not financial</th><th>Treatment status</th></tr>
<tr><td>> Climate Change Mitigation & Adaptation</td><td rowspan="6">> RISK INCURRED: transition and physical risks on core risks

> GENERATED: Direct Impacts of Bank's activities on Environment</td><td rowspan="5">> FINANCIAL (credit, operational, liquidity and market risk)

> NON-FINANCIAL (reputational and business risk)</td><td>> RISK IDENTIFICATION
> EXPOSURE: MEASURED
> RISK IMPACT: IN PROGRESS</td></tr>
<tr><td>> Sustainable use and protection of water and marine resources</td><td rowspan="5">> IDENTIFICATION: IN PROGRESS</td></tr>
<tr><td>> Circular economy</td></tr>
<tr><td>> Pollution prevention and control</td></tr>
<tr><td>> Protection and restoration of biodiversity and ecosystems</td></tr>
<tr><td>> All objectives</td><td>> NON-FINANCIAL</td></tr>
</table>

Given the urgency of the issue, climate-related Environmental risks (or C&E risks) have been addressed in a set of guidelines for financial intermediaries (Guide on Climate-related and Environmental Risks, ECB November 2022), which aim to:

- introduce a process for identifying, measuring, managing and mitigating risks that is coherent to those already known and managed;
- identify the impact on the so-called core financial risks (credit, operational, market, liquidity).

The aim is to enable banks to view and manage climate risks holistically at corporate level. This will allow them to monitor ongoing risks and to develop medium- to long-term strategic responses that will make banks and their business environment resilient to possible changes in the climate situation.

As part of the multifunctional ESG programme, which was formally launched at the end of 2022, the Montepaschi Group is pursuing a series of activities related to the integration of C&E risk factors into the Group's risk management framework and governance and strategic processes. In particular, the "ESG Risk Action" project launched in 2022 aims to identify, measure and manage ESG risks (with priority given to climate and environmental risks).

The process of identifying and verifying the materiality and priority of C&E risks in preparation for the definition of the Risk Appetite Statement – which was initially carried out on a purely qualitative basis at the end of 2021 and later resumed and completed on a quantitative basis during 2022 – examined climate-related risk factors from the perspective of analysing the so-called "transmission channels", according to which such risks become relevant when they impact on traditional financial risks (credit, operational, market and liquidity risks), which are already known and managed within the Group's risk management framework.

The approach adopted has led to the identification of the C&E risks for the Montepaschi Group as material in the areas of credit and operational risks (including reputational risks), in line with what had already emerged from the initial qualitative analyses carried out in 2021. The credit risks, on the basis of the plausible exposure based on the analysis of the possible transmission channels, as shown in the table below, were also considered to be "very high" (transition risk) and "high" (physical risk), depending on the potential exposure associated with each C&E risk factor.

Since C&E risks associated with credit risk are material and high priority, they are subject to exposure monitoring as RAS KRIs (in the case of the Retail physical risk and non-financial Corporate transition risk components) or as managerial monitoring indicators (aka KRIS – Strategic Key Risk Indicators - in the case of the Retail transition risk and Corporate physical risk components, which still need to be developed in terms of the model and/or data required to make them full risk measures).

C&E risks associated with credit risk (transitional and physical) are also subject to stress testing to measure the impact of adverse scenarios for RAS and ICAAP purposes (including features and scenarios derived from the ECB 2022 Climate Stress Test).

The transmission of the analysed C&E risk factors to other "core" risks (market, liquidity and some operational risks) was based on what-if analyses, each aimed at stress testing:

- for liquidity risk, the liquidity buffers provided by the deposits of retail customers and non-financial companies, based on the occurrence of physical risk events concentrated in very short periods of time and on geographical impact zones (the entire geographical area "provincia" for flood risk, a single municipality or "comune" for landslide risk); deposit outflows were considered both on a crash hypothesis (withdrawal of 100% of deposits in the affected area) and on the basis of similar events actually occurred (e.g. the floods in Marche area in September 2022);
- for market risk, the market value of non-financial corporate bond and equity portfolios and the exposure to non-financial and uncollateralised counterparties related to derivative positions;
- For operational risk, business continuity based on a number of scenario drivers such as customers' inconvenience (based on deposit pools), employees' inconvenience (based on the number of non-operational employees in the scenario), operational inconvenience (based on the number of branches closed), economic loss (based on the loss of profitability of the bank at risk in the scenario), physical value loss (based on the loss of value of owned properties).

These risks, which were not considered to be material at the time of the initial assessment, are subject to periodic materiality reviews based on indicators and thresholds capable of incorporating changes in the structure of the positions and activities involved, with consequent implementation of risk management methodologies and processes and possible activation of relative operating limits. The analysis of the transmission channels of climate risks, their potential impact on traditional banking risks, their relevance to the Group and the main management and mitigation measures are summarised in the tables below for transition risks and physical risks.

		risk factor	transmission channel	traditional risks involved	potential impacts	materiality for GMPS	relevance for GMPS	mitigation actions
transition	direct	> Changes in environmental regulations and environmental standards adopted by the Group	> Unexpected adaptation and compliance additional costs > Sanctions due to noncompliance	> Business risk > Operational risk	> Economic effects due to higher costs > Operational losses due to sanctions	NO	low	> Monitoring of regulatory changes with prompt adaptation to new requirements
	indirect	> Transition policies that accelerate, interrupt or abruptly change the sustainability path of corporate customers	> Unexpected additional transition costs for a borrower with effects on solvency	> Credit risk	> Deterioration in credit quality > Losses from impairment of credit in adverse transition scenarios	YES	high	> Measurement of outstanding exposures through KRI RAS and other risk indicators > Operational limits on exposures > In progress: definition of impact models and integration into stress test programmes > In progress: integration of commercial-credit processes based on the individual customer's C&E risk profile (where possible) on sector- related classifications
		> Transition policies (on energy performance) that impose interventions and/or reduce the value of the real estate assets	> Poor energy performance of immovable property used as collateral for mortgages (residential and commercial) which has an impact on the value of the collateral	> Credit risk	> Loss of collateral value > Losses from impairment of credit in adverse transition scenarios	YES	high	
		> High transition risk or environmentally controversial activities of issuers of securities in customer portfolios	> Material ESG inadequacies in existing portfolios > Ineffective ESG screening of new portfolios > Presence in customers' portfolios of securities of controversial issuers or with high transition risk > Impairment of customers' portfolios due to to transition risk of issuers	> Operational risk > Reputational risk	> Loss of market share and profitability in investment services > Losses due to complaints and disputes	YES	medium	> ESG component in the reputational risk indicators monitored in RAS > Integration of ESG variables into the advisory process for the provision of investment services by collecting Customer preferences > Mapping investment products based on ESG variables and verifying the alignment of portfolios to preferences
		> High transition risk or environmentally controversial activities of issuers of financial instruments in the portfolios	> Impairment of Proprietary portfolios related to issuers transition risk	> Market risk and counterparty risk	> Economic losses due to losses on financial instruments	NO	low	> Periodic materiality assessment based on the size of the portfolio component potentially subject to risk (in terms of securities/issuers)
		> High transition risk or environmentally controversial activities of issuers of financial instruments used as a liquidity buffer	> Reduced capacity to meet sudden liquidity needs	> Liquidity	> Liquidity stress with effect on operations > Economic losses due to higher costs of funding	NO	medium-low	> Periodic materiality assessment based on liquidity buffer potentially subject to impairment due to transition risk

		risk factor	transmission channel	traditional risks involved	potential impacts	materiality for GMPS	relevance for GMPS	mitigation actions
physical	**direct**	> Acute physical risks events(climate-related)	> Possible damage to the Bank's infra-structure > Business interrup-tions	> Operational risk (business continuity)	> Losses due to da-mage to property structures and their restoration > Economic losses related to business interruption	NO	medium-low	> Periodic materiality asses-sment based on aggregates subject to impact in the event of business interruption due to physical risk. > C&E risk strengthening (where necessary) of Business Continuity Plans and of actions for reducing physical damage to facilities > Preventive assessment of the hydrogeological risk of buildings with related mitiga-tion plans
		> Chronic physical risk (climate-related) such as changes in weather conditions or increased frequency of atmospheric events	> Higher costs for heating/cooling the premises in use > Decrease in produc-tivity due to Clima-te Change	> Operational risk > Business risk	> Impact on profita-bility of higher ope-rating costs and/or lower productivity	NO	low	> Energy efficiency actions for heating/cooling buildings in use > Increase in use of energy from renewable sources, revision of supply policy > Pooled mobility policies, awareness-raising initiatives, environmental education
	indirect	> Acute physical risks events(climate-related)	> Damage to colla-terals (residentials and commercials immovable pro-perties)	> Credit risk	> Loss of collateral value > Impairment losses on loans in acute physical risk sce-narios	YES	medium-high	> Measurement of outstanding exposures through KRI RAS and other risk indicators > Operational limits on ex-posures > In progress: definition of im-pact models and integration in stress test programmes > In progress: integration of commercial and credit pro-cesses based on the individual C&E customer risk profile (where possible) or on sector-related classifications
		> Acute and chro-nic physical risks events(climate-related)	> Damage to capital goods and produc-tion facilities of customer companies (acute physical risk) > Impacts of (chro-nic) climate change on productive activities	> Credit risk	> Deterioration in credit quality > Impairment losses on loans in acute and chronic physical risk scenarios	YES	medium-high	
		> Acute physical risks events (climate-related)	> Damage to real estate (acute physi-cal risk) that trigger claims for reimbur-sement of deposits	> Liquidity risk	> Impact on operating liquidity > Economic losses due to higher costs of funding compared to customer deposits	NO	low	> Periodic materiality asses-sment based on deposits potentially subject to massive reduction due to physical risk events
		> Acute and chro-nic physical risks events(climate-related)	> Damage to capital goods and pro-duction plants of issuers which impact on their value and productivity	> Market risk	> Economic losses due to losses of financial instruments	NO	low	> The outcome of the verifi-cation was "non material". No models or studies on the transmission of the physical risk to the market value of the financial instruments readily applicable to the specific con-text (Italy) were identified

Key Risk Indicators (KRIs) are monitored within the Group's Risk Appetite Framework for material risk exposures (credit and operational/reputational):

- Physical risk KRI, currently focused on the perimeter of residential mortgages secured by immovable (residential) properties. The KRI consists of the proportion of mortgages secured by real estate located in "HIGH" or "VERY HIGH" flood or landslide risk areas based on ISPRA ("Istituto Superiore Protezione e Ricerca Ambientale") data.
- Transition risk KRI, currently focused on the perimeter of non-financial corporate credit counterparties. The KRI consists of the share of lending that is eligible according to the EU Taxonomy and "aligned", i.e. considered sustainable according to the EU Taxonomy.

Starting with end-2022 analysis, the physical risk model has evolved:

- by taking into account the precise location of the properties securing the mortgages (where possible and for some risk factors down to the "census unit", otherwise to the municipality);
- by expanding the range of risk factors considered for mortgages secured by real estate, adding not only the main landslide and flood risks, but also other acute physical risk factors (fire, extreme wind and waves) and chronic physical risk factors (sea level rise and coastal erosion);
- For the physical risk of corporate counterpaties, the model has been enriched with the location of the physical risk for large companies, based on the precise location of production facilities; for corporate counterpaties, the following were added to the risk factors already listed for mortgages: Heat Waves and Frost for physical risk; Heat, Drought, and Soil Erosion for chronic risk.

The data for the extension of the physical risk model, which is also used for the analyses in this report (Template 5), was acquired from a specialised data provider and integrated according to an internally developed model (see the quantitative section of Template 5 for more details on the model).

With respect to transition risk ("the financial loss that a company may directly or indirectly incur as a result of the process of transitioning to a low-carbon and more environmentally sustainable economy"), the MPS Group quantifies risk exposure for corporate clients based on the "distance to sustainability" of counterparties (or individual credit exposures), expressed in a Taxonomy Alignment Coefficient, or TAC. The higher the alignment, the closer an asset and its financing are to full environmental sustainability, and the lower the associated transition risk. The part of a loan that is not (yet) aligned, i.e. still considered to be not fully sustainable, is considered to be 'exposed' to transition risk.

In order to quantify financed GHG emissions (reported in Template 1 of this report), data from non-financial Statements or estimated Scope 1, 2 and 3 were obtained from an external provider for the companies, resulting in estimated emissions covering approximately 86% of the loans to non-financial counterparties. Financed emissions, despite unavoidable approximations due to the lack of reported and/or certified data, represent key information for the assessment of transition risk related to climate change in the narrow sense, i.e. with respect to the first item of the EU taxonomy.

Finally, the environmental sustainability of each credit exposure will be analysed on the basis of all the variables collected both at the client level – through an ESG questionnaire – and at the sector level, as well as specific but independent variables identified by the Bank through proprietary analysis, mining of public information or acquisition from specialised data providers. The environmental risk profile thus defined will be used to guide the type of services and products offered to support the transition with respect to each item of the Taxonomy and, more generally, for sustainability with respect to all ESG issues. The ESG variables collected in the profile will also act as drivers (where relevant) for the determination of credit risk parameters according to their ability to affect the economic soundness and solvency of the client.

Testing of statistical significance of some ESG variables in determining the PD, LGD of counterparties is underway, in order to model a first component of the impact of environmental drivers on credit risk.

Qualitative information on Social Risks

Social Risks - *Business Strategy and processes* *[ref. ITS qualitative table 2 – (a-c)]*

The Group aims to implement social risk analysis within its business, while continuing to play a proactive role in the areas in which it operates, encouraging the development of business models based on inclusion and the protection and development of human resources, employment protection, resource protection, community support initiatives, the enhancement of artistic and cultural heritage, as well as financial education and professional guidance.

Internally, the Group is currently focusing on developing initiatives aimed at improving the working environment by making it more inclusive, with the publication of the Rules on Inclusion and the objective of continuing the Diversity & Inclusion programme, which aims to have 40% of positions of responsibility held by women and to obtain pre-certification on gender equality.

The main initiatives in the area of social factors also include the adoption of an agile working method to reconcile personal and professional needs, the implementation of an attractive benefits system that responds to emerging needs, and the dissemination of an "ESG culture" through the promotion of corporate awareness and training programmes.

Social Risks - *Governance* *[ref. ITS qualitative table 2 – (d)-(g)]*

Please refer to the previous section: **Qualitative Information on Environmental Risks - \ Environmental Risks – Governance**, for the governance aspects of Social Risks. In that section, these aspects are presented for all ESG topics as a whole.

Social Risks - *Risk Management* *[ref. ITS qualitative table 2– (h-m)]*

The analysis of potential risks related to social factors is carried out in the same way as for the other risks related to ESG themes, with an initial "mapping" between social issues and potential vulnerabilities that could arise from them, highlighting the cases where these vulnerabilities, through specific "transmission channels", could materialise into quantifiable and manageable risks (financial or non-financial). Due to the nature of social issues, which are not "new" compared to the past, but have been implicit in the Bank's activities for a long time, the risks associated with them often consist in insufficient or incorrect attention to the social "issue", with repercussions on the communities – both internal to the company and external – such as those of the customers or of the area in which the Bank operates ("generated" risk), and on the Bank, as a risk "suffered" as a result of operational risks related to penalties for non-compliance with external regulations and legislation, or as a reputational risk. Social risks are seen by BMPS as those related to the possible impact of the Bank's management of social issues, while those related to the social behaviour of its counterparties are included in the category of governance risks.

Unlike environmental risks, social risks are difficult to quantify in monetary terms, but are more amenable to monitoring through processes and mechanisms designed to avoid behaviours that may be detrimental to the communities with which the Bank works, and therefore directly aimed at mitigating such potential impacts.

To mitigate the risks "generated" on internal and external communities, the Bank engages in initiatives, both related to its own activities and more generally community-focused, that promote the well-being and growth of communities, their financial culture, and the digitisation and simplification of its services and products.

The potential risks 'suffered' by the Bank arise mainly from the impact on operational risks and the impact on reputational risks. With regard to operational risks, the possibility of incurring losses as a result of penalties or disputes relating to labour or customer issues are potential risks that have always been taken into account in the management and mitigation measures have been already implemented by the Bank, but they are now being reviewed, taxonomically mapped and mitigated or reinforced. With regard to reputational risks, they may arise from the impact on the Bank's reputation of any controversial conduct that may have been adopted towards the internal or external communities relative to the corporate perimeter.

Ongoing refinements and in-depth studies are planned in relation to developments in ESG themes (including the development of a 'social taxonomy' and the availability of specific related data).

With regard to social aspects, the table below maps the potential vulnerabilities identified, the associated envisaged risks, the impact on traditional, financial and non-financial risks, and the safeguards currently in place to manage and mitigate them.

MAP OF SOCIAL THEMES AND SOCIAL RISKS

Subject	Main topics	Potential vulnerabilities	Risk type	Management and mitigation principles
> Diversity & Inclusion	> Inclusive work environment, capable of valuing diversity > Equal treatment of employees with respect to characteristics of different gender, age, orientation of thought, religion, sexual orientation	> Unequal treatment > Anomalous distribution of resources on roles/responsibilities based on gender or other elements of diversity > Disputes > Damage to corporate reputation	OPERATIONAL REPUTATIONAL	> Corporate strategy designed to enhance the value of all employees, drawing inspiration from the principles of transparency, fairness and inclusion throughout all company processes - from selection to career development, succession plans, access to training and remuneration policies > Fair distribution of applications and career development across genders and any other element of diversity > Increased support to ensure appropriate and inclusive development of employees with disabilities
> Protection of human resources	> Health and safety of employees, compliance with relevant standards and requirements	> Accidents in the workplace > Increase in absences due to illness > Disputes	OPERATIONAL REPUTATIONAL	> Mapping all possible dangers to workers' health and safety > Planning measures and actions to eliminate or reduce the risks detected (ex.: measures for prevention, contrast and containment of Covid-19 in the workplace)
> Relations with Customers and Environmental commitment	> Attention to customers' needs > Commercial practices and communication in the offer of products/services > Social effects on the reference communities	> Loss of market share and competitiveness > Economic and reputational losses > Complaints and disputes > Fines and sanctions	OPERATIONAL BUSINESS RISK REPUTATIONAL	> Customer satisfaction surveys, to monitor satisfaction with products and services, multi-channel delivery methods and relations customers-bank > Media monitoring activities > Assessment of reputational risk before releasing new projects and products > Monitoring disputes with customers > Monitoring customers' portfolios to ensure consistency between the risk profile of customers and the risk characteristics of the products and portfolio offered/held, for the purpose of preventing potential negative impacts in terms of operational and reputational risks > Analysing security and control measures for the protection of personal data in implementation of the GDPR regulation and Data Protection Authority provisions > Actions to support households and businesses with extraordinary actions both on the basis of government provisions and following specific Bank initiatives (e.g. due to the COVID19 health emergency; due to the Russia-Ukraine crisis: loan products adapted to the new eligible MCC/SACE guarantees temporary aid schemes authorized by the European Commission, respectively Temporary Framework and Temporary Crisis Framework) > Enhance the offer of protection solutions dedicated to corporate health and welfare > Developing products and services with environmental benefits (e.g. "Building Bonus" structured offer) > Financial inclusion solutions by enriching the commercial offer with products in favor of the weaker segments of the population (eg Basic Current Account, Pension Account, ISEE Account…) also through the activity of Solidarity Microcredit
> Support for the Community	> Provide fair support to the development of the reference communities, promoting the themes of sustainable growth, digitalization and financial culture.	> Unfair initiatives in the definition of accessibility and usability by the reference communities > Adherence to initiatives that prove to be controversial for purposes, entities and/or actors involved	OPERATIONAL REPUTATIONAL	> Participation in cultural initiatives > Sponsorships and local events > Training orientation initiatives open to young people
> Digitalization and IT security	> Expectations of customers regarding the digitalization of banking and financial services > Direct contact with customers > Privacy and IT security related to the offer of digitised product and services	> Disintermediation in favor of new digital players (open banking) and consequent loss of market share > Loss of customers less inclined to use digitalization > Disputes and complaints > IT malfunctions, loss or leak of data > Fines and sanctions	OPERATIONAL BUSINESS REPUTATIONAL	> Improving customer experience by investing in new digital technologies and offering sustainable products and services in the interest and for the well-being of customers > Promoting the digitalization of payments and e-commerce by encouraging the process, especially for micro-merchants > Designing, developing and implementing inclusive solutions, with special focus on use and access for customers with visual impairments and limited digital literacy > Intercepting and fighting cyber attacks through specific prevention and protection systems, which allow digital services to be used in a secure manner and cyber crime insurance coverage > Implementing security measures on digital payments envisaged by the PSD2 directive > Issuing awareness-raising campaigns for customers on the dangers of certain viral phenomena such as spamming and phishing, and how to defend themselves

Qualitative information on Governance Risks

Governance Risks - *Governance* *[ref. ITS qualitative table 3 – (a)-(c)]*

Please refer to the previous section: **Qualitative Information on Environmental Risks - \ Environmental Risks – Governance**, for the governance aspects. In that section, these aspects are presented for all ESG issues as a whole.

Governance Risks - *Risk Management* *[ref. ITS qualitative table 3 – (d)]]*

The management of governance-related risks comprises two priority areas, one relating to the Group's internal governance and the other relating to the social and governance aspects of the counterparties with which the Group operates. As mentioned above in the Social Risk Management section, the MPS Group has chosen to address the risks associated with the "non-social" behaviour of its customers and counterparties in general (e.g. suppliers) by addressing the issues and related risks of its own governance in its relationships with such counterparties. The table below shows the mapping of governance risks to the material ESG themes that the Bank has prioritised.

MAP OF GOVERNANCE THEMES AND GOVERNANCE RISKS

Subject	Main topics	Potential vulnerabilities	Risk type	Management and mitigation principles
> Performance and economic solidity	> Ability to generate value on an ongoing basis and sufficient to support the business model and its future development > Maintain capital strength sufficient to be resilient against adverse scenarios of the business environment	> Reduced ability to withstand adverse scenarios due to exogenous contingencies > Reduced ability to modify/adapt the business model according to changes in the reference context > Stock price performance worse than the sector average, loss of investors and customers	BUSINESS REPUTATIONAL	> Medium-long term strategic planning > Stress test programs (institutional and internal) to verify and possibly adjust the Bank's resilience in adverse scenarios, with scenarios used in internal assessments (ICAAP ILAAP) and in the context of the RAS > Risk Appetite Statement and Framework > The MPS Group draws up and constantly updates Recovery Plan and a Resolution Plan programmes, as well as having adopted the Code of Self-Regulation on Corporate Governance > The Sustainability plan bases the evolution of the business model on the present and prospective reference context, with particular attention to ESG issues."
> Human resource development	> Maintenance and growth of the level and breadth of internal skills in a context of profound changes > Ability to attract and retain talent and key figures	> Difficulties in guaranteeing business continuity following reorganisations, outsourcing or staff reductions > Dissatisfaction, degradation of internal climate and motivation > Disputes > Difficulties in suitably filling certain roles > High turnover, loss of key resources	OPERATIONAL REPUTATIONAL	> Managing risks preventively through preliminary impact analyses, procedures for discussions with trade unions > Management continuity plans > Training activities based on the taxonomy of business risks and processes > "Tailor-made" training based on role risk rating and the results of the annual individual skill gaps carried out by all employees > Actively listening to people, with a constant and structured approach, also through issue-specific questionnaires and other forms of contact > Specific retraining programs for resources affected by professional mobility with training calibrated on the basis of the characteristics of the positions to be filled and the skills already acquired > Using risk-adjusted performance indicators in staff remuneration and incentive policies > Training campaigns on risk culture through targeted initiatives on specific risks and disseminated to all personnel > Internal selections to enhance existing professional levels, onboarding and listening activities dedicated to new hires
> Integrity in business conduct	> Compliance with external regulations, agreements, standards and self-regulatory codes	> Fines and sanctions > Damage to corporate reputation	OPERATIONAL REPUTATIONAL	> Code of Ethics > Adoption of an updated 231-Model with indication of risk mitigation measures and controls > Adoption of an Anti-Corruption Policy and Whistleblowing tools > Planned training activities on 231-Model, Code of Ethics and Anti-Corruption delivered to all Group employees
> Responsible supply chain management	> Suppliers' conduct compliant with applicable external legislation > Supplier conduct compliant with the Group's ethical, ESG principles	> Damage to corporate reputation due to suppliers' conduct > Damages due to disputes with supplier	REPUTATIONAL OPERATIONAL REPUTATIONAL	> Selection of suppliers through an evaluation process which, in the pre-selection, awarding and contracting phases of the supply, explicitly takes into account compliance with labour legislation, application of the national collective labour agreement as well as regular payment of contributions (DURC certificate) through specific scores > Acquisition, during the tender phase, of 231 Statement (with references to anti-corruption and anti-mafia legislation) with specific questions regarding the certifications held
> Relations with Customers and Environmental commitment	> Characteristics or conduct of customers compliant with the Group's Social and Governance principles towards the reference communities	> organizational structure, internal relationships of non-compliant or controversial counterparties (Customer Governance) > Negative impacts of customer activities on the community or reference communities > Damage to corporate image	OPERATIONAL REPUTATIONAL REPUTATIONAL	> The Group already adopts adequate anti-money laundering and countering the financing of terrorism (AML & CFT) safeguards > Definition of a ""social"" and ""governance"" profile of the customer through specific questionnaires, independent analyzes and certifications, scores and ratings provided by third parties > Offer products with conditions (pricing) and other characteristics (purposes, covenants) linked to compliance with principles or social objectives towards the community, the reference communities, the stakeholders

The first three material topics and related controls listed in the table ("Performance and Economic Soundness", "Human Resources Development" and "Integrity of Business Conduct") are core governance issues to which the Bank has always been sensitive, both on a voluntary basis and in terms of compliance with internal and external regulations. With regard to the two additional topics listed in the table ("Supply Chain Management" and "Customer Relations and Relations with the Territory"), we would like to highlight some new elements linked to the increased awareness that recent developments in ESG issues and related risks have led to a more precise and specific focus than in the past. We could combine both topics, as far as related risks are concerned, in a single topic related to the governance aspects of the "bank's supply chain", including all actors with which the bank has relationships in order to carry out its activities:

- *downstream:* customers (especially of credit, customers of other fiduciary services such as depositors and investors, customers of investment services, etc.
- *upstream:* suppliers of all types of productive factors used by the bank to carry out its activities, such as product factories, consultants, etc.

Relationships with credit counterparties are of particular importance, as any inappropriate corporate governance and social behaviour on the part of these counterparties may have an impact on the reliability and solvency of the counterparties themselves. In this case, the impact on the Bank relates both to credit risk towards such counterparties and to the reputational and business risk that such conduct may entail for other parties that have relations with the Bank.

One example is the risk of financing projects of counterparties with potentially controversial social or governance practices (discriminatory practices, poor governance, use of child labour, involvement in illegal activities such as drug trafficking, etc.) and the impact this could have on the Bank. A first step towards managing this type of risk is the development of an ESG profile of the client, which, in addition to aspects of environmental impact (which fall under "indirect" environmental risks), identifies issues, even if only potential ones, relating to the activities or modus operandi of its counterparties. At present, the Bank collects, through an ESG questionnaire limited to corporate counterparties, specific information relating to governance, the client and the sector to which it belongs, its attitude to environmental issues and the history of any sanctions for non-compliance.

Specific safeguards are then put in place in the supplier selection process to verify, through statements and market references, that suppliers' conduct is in line with both external regulations and the Group's ethical and ESG principles.

The selection of partners and counterparties for offering new products and services is always subject to a review of the reputation profile and compliance with the code of ethics of the candidates, as part of the risk assessment of the product approval processes.

Quantitative information on Transition Risks

Templates 1, 2 and 4 of this chapter on ESG disclosure present complementary aspects of transition risk exposure, broken down into the credit risk transmission channels identified as priority by banking industry best practice and designated as such by the EBA and the ECB. Template 1 focuses on exposures to **non-financial corporate counterparties** directly (loans and advances) and through debt and equity instruments according to the SAE classification used for FINREP purposes, with the addition of some counterparties belonging to the group of financial holding companies if their predominant activity is attributable to NACE sectors of production activities included in the scope of Template 1. The perimeter in question, as presented in Template 1 – as at 30.06.2023 – amounted to EUR 35,955 million in Total GCA (Gross Carrying Amount), the type of figure required by ITS and corresponding to the cash credit drawn, with approximately different counterparties decided to proceed with the determination and the exposure of financed GHG emissions in relation to the perimeter required by Template 1, ahead of the expected deadline of the phase-in process related to the compilation of Pillar3. The methodology used expects, a step-by-step approach (declared / estimated / estimated by intensity), making it possible covering approximately 82.78% of the perimeter of non-financial companies. Given the scarcity of reported or certified information on GHG emissions (especially for small and medium-sized companies, which are particularly relevant to the Group's business model), the presentation must be understood as a best effort and may be subject to significant adjustments in the future. The analysis of the "participation" of the Bank's lending activity in direct and indirect emissions is considered, despite the difficulties, an essential step towards a realistic assessment of the impact of the Bank's activities on climate change mitigation (CCM). The presentation of the financed emissions of the most carbon-intensive sectors (see specific focus below) will be the basis for the definition of strategic objectives, in particular those envisaged in the Net Zero Banking Alliance initiative, which the Bank will publish by July 2023.

Template 2 represents another form of transition risk exposure that is inherent in credit risk, as the transmission channel is through **loans secured by real estate** and the related **energy performance** as a proxy for related consumption and emissions. The positions shown in Template 2, mainly split between loans secured by residential and commercial property, amount to a total of EUR 38,871 million, all of which are in EU Area.

Template 4 requires the disclosure of any exposure to the top 20 GHG-intensive companies worldwide.

Template 1 reports Banking Book exposures (including loans and advances, debt securities and equity instruments) to non-financial corporations engaged in economic activities with a higher impact on climate change. The exposure to transition risk is reflected not only by the classification of the loans according to the economic activity of the counterparty, but also by the "exclusion from the Paris Aligned Benchmarks" (PAB) figure and the information on GHG emissions financed. The required information on the quality of the loans themselves (composition of GCAs in stage 1, 2 and non-performing, relative provisions) and, finally, a breakdown of loans by maturity is also reported.

Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity *(€ mln) Part 1*

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			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
	Sector/subsector		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 Regulation	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		Of which Scope 3 financed emissions						
1	Exposures towards sectors that highly contribute to climate change*	31,418,9	761,4		6,428,8	1,893,4	-1,280,3	-206,5	-1,025,6	18,402,237	14,862,513	7.8%	21,928,8	6,159,3	3,005,3	325,5	4,2
2	A - Agriculture, forestry and fishing	1,229,1	0,0		361,4	66,2	-44,4	-11,9	-31,0	433,879	307,401	1.2%	584,2	309,4	296,2	39,3	7,1
3	B - Mining and quarrying	114,6	27,0		18,4	1,9	-2,1	-0,8	-1,1	100,310	81,976	17.2%	89,7	5,1	19,9	-	4,3
4	B.05 - Mining of coal and lignite	0,0	0,0		0,0	0,0	0,0	0,0	0,0	0	0	0.0%	-	-	-	-	-
5	BB.06 - Extraction of crude petroleum and natural gas	19,9	19,9		0,0	0,0	0,0	0,0	0,0	25,910	20,030	99.0%	0,2	-	19,7	-	11,2
6	B.07 - Mining of metal ores	0,0	0,0		0,0	0,0	0,0	0,0	0,0	0	0	0.0%	-	-	-	-	-
7	B.08 - Other mining and quarrying	87,7	0,0		18,4	1,9	-2,1	-0,8	-1,1	67,799	56,342	0.0%	82,4	5,1	0,2	-	2,9
8	B.09 - Mining support service activities	7,1	7,1		0,0	0,0	0,0	0,0	0,0	6,601	5,604	0.0%	7,1	-	-	-	2,5
9	C - Manufacturing	11,179,1	85,4		1,763,2	493,2	-328,2	-39,0	-272,0	11,664,572	9,296,749	8.8%	9,603,7	1,316,4	257,5	1,5	2,6
10	C.10 - Manufacture of food products	1,793,3	0,0		293,8	60,9	-46,9	-6,1	-37,7	1,792,132	1,688,429	15.1%	1,577,8	189,0	25,7	0,8	2,3
11	C.11 - Manufacture of beverages	188,1	0,0		19,9	10,3	-4,3	-0,4	-3,5	136,918	129,708	0.1%	160,6	22,5	5,1	-	3,0
12	C.12 - Manufacture of tobacco products	44,1	0,0		0,0	1,1	-0,5	0,0	-0,4	20,305	19,270	0.0%	28,1	16,0	-	-	3,3
13	C.13 - Manufacture of textiles	356,4	0,0		57,4	17,0	-11,5	-1,3	-9,5	65,118	60,417	1.5%	299,4	41,7	15,3	-	2,8
14	C.14 - Manufacture of wearing apparel	474,9	0,0		63,0	31,5	-18,3	-1,6	-16,3	86,615	81,828	6.0%	417,1	42,9	14,7	0,2	2,6
15	C.15 - Manufacture of leather and related products	444,9	0,0		59,9	28,4	-15,1	-0,9	-13,8	84,238	79,448	6.2%	403,9	36,2	4,7	-	2,4
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	179,1	0,0		27,0	14,4	-9,5	-0,9	-8,5	86,196	78,370	7.2%	151,1	24,5	3,5	-	2,9
17	C.17 - Manufacture of pulp, paper and paperboard	425,6	0,0		74,5	18,4	-10,2	-0,9	-8,8	301,265	218,386	28.7%	330,0	74,7	20,9	-	3,0
18	C.18 - Printing and service activities related to printing	122,6	0,0		19,3	5,3	-4,3	-0,4	-3,8	86,877	80,676	0.0%	93,5	25,0	4,1	-	3,3
19	C.19 - Manufacture of coke oven products	85,4	85,4		2,2	0,6	-0,6	-0,1	-0,3	325,025	302,788	49.2%	83,5	1,0	0,9	-	3,2
20	C.20 - Production of chemicals	374,0	0,0		54,8	4,7	-5,7	-1,8	-3,1	636,174	490,414	2.5%	322,1	36,0	15,9	-	2,7
21	C.21 - Manufacture of pharmaceutical preparations	118,4	0,0		40,5	1,0	-1,7	-0,9	-0,6	26,189	21,596	33.7%	110,4	8,0	-	-	2,0
22	C.22 - Manufacture of rubber products	593,5	0,0		87,8	12,5	-9,8	-2,6	-6,6	239,334	217,927	0.7%	525,4	56,8	11,3	-	2,5
23	C.23 - Manufacture of other non-metallic mineral products	559,7	0,0		111,6	23,4	-17,0	-2,0	-14,3	906,386	421,040	16.4%	470,8	79,0	10,0	-	3,0
24	C.24 - Manufacture of basic metals	794,8	0,0		101,4	3,7	-7,4	-3,7	-2,1	3,286,194	2,349,957	10.9%	693,3	98,5	3,0	-	2,1
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	1,453,3	0,0		265,3	88,4	-49,6	-5,8	-42,0	1,752,514	1,363,178	1.7%	1,215,5	181,9	55,7	0,3	3,0
26	C.26 - Manufacture of computer, electronic and optical products	228,9	0,0		28,5	14,3	-8,9	-0,5	-8,2	132,939	128,810	4.9%	212,5	14,0	2,4	-	2,5
27	C.27 - Manufacture of electrical equipment	387,6	0,0		51,1	14,8	-10,2	-1,1	-8,7	339,372	279,883	5.5%	335,9	48,0	3,6	-	2,4
28	C.28 - Manufacture of machinery and equipment n.e.c.	1,275,8	0,0		160,1	70,8	-52,6	-3,9	-47,3	726,919	669,364	9.4%	1,143,1	109,5	23,2	0,0	2,3
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	270,7	0,0		73,0	20,1	-10,6	-0,9	-9,3	92,712	89,966	3.4%	237,6	23,8	9,3	-	3,2

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

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			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
	Sector/subsector		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 Regulation	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		Of which Scope 3 financed emissions						
30	C.30 - Manufacture of other transport equipment	333,2	0,0		71,7	8,0	-7,8	-1,0	-4,7	190,090	187,359	14.2%	249,1	82,4	1,7	-	2,6
31	C.31 - Manufacture of furniture	317,0	0,0		35,0	24,5	-12,7	-0,7	-11,6	102,717	100,696	0.0%	258,5	49,1	9,4	0,0	3,2
32	C.32 - Other manufacturing	207,0	0,0		29,8	4,8	-3,5	-0,7	-2,4	82,283	80,627	2.9%	164,1	31,4	11,6	0,0	3,1
33	C.33 - Repair and installation of machinery and equipment	150,8	0,0		35,5	14,6	-9,4	-0,9	-8,4	166,062	156,610	5.1%	120,4	24,4	5,8	0,2	3,2
34	D - Electricity, gas, steam and air conditioning supply	1,002,1	295,7		217,8	69,9	-53,6	-9,6	-42,6	874,668	499,292	31.8%	648,3	273,8	80,0	0,0	4,5
35	D35.1 - Electric power generation, transmission and distribution	701,5	14,7		158,0	63,2	-48,2	-9,4	-37,9	668,102	315,607	18.0%	381,9	247,9	71,6	0,0	5,0
36	D35.11 - Production of electricity	444,5	11,9		113,2	39,7	-29,2	-4,0	-24,6	74,008	41,838	0.0%	166,2	208,7	69,7	0,0	6,5
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	285,0	280,9		57,4	6,7	-5,4	-0,2	-4,7	187,650	180,508	67.3%	263,5	18,8	2,7	0,0	2,8
38	D35.3 - Steam and air conditioning supply	15,6	0,0		2,4	0,0	-0,1	0,0	0,0	18,916	3,176	0.0%	2,9	7,0	5,7	0,0	9,3
39	E - Water supply; sewerage, waste management and remediation activities	858,4	0,0		157,9	18,4	-15,4	-2,7	-12,0	1,034,528	783,795	20.2%	496,9	275,8	85,5	0,2	4,8
40	F - Construction	2,863,8	0,0		934,5	257,4	-203,3	-45,9	-152,1	708,735	664,893	5.1%	1,691,7	660,5	338,3	173,3	5,8
41	F.41 - Construction of buildings	1,719,7	0,0		626,5	165,3	-138,1	-36,5	-98,1	306,347	288,800	0.7%	742,1	540,2	266,4	171,0	7,5
42	F.42 - Civil engineering	563,3	0,0		209,6	18,9	-24,2	-7,3	-15,9	176,298	163,537	23.8%	484,2	26,6	51,4	1,0	3,2
43	43 - Specialised construction activities	580,8	0,0		98,3	73,3	-41,0	-2,2	-38,1	226,089	212,556	0.0%	465,4	93,7	20,5	1,2	3,2
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	6,946,8	340,6		1,177,6	358,3	-236,0	-32,1	-194,6	2,413,535	2,340,380	3.4%	5,706,0	947,5	290,6	2,7	2,7
45	H - Transportation and storage	1,655,3	12,7		256,4	109,8	-75,7	-6,6	-65,1	637,276	400,111	23.9%	1,171,2	247,4	230,1	6,6	4,4
46	H.49 - Land transport and transport via pipelines	530,0	12,7		94,1	52,9	-34,9	-2,0	-30,6	343,973	203,841	0.2%	376,5	91,8	61,5	0,3	4,5
47	H.50 - Water transport	162,6	0,0		20,5	2,9	-2,2	-0,4	-1,5	135,799	55,784	1.5%	113,6	49,0	0,0	0,0	4,5
48	H.51 - Air transport	17,4	0,0		4,9	6,2	-5,8	-0,6	-4,9	5,773	2,862	0.0%	9,4	8,1	0,0	0,0	5,8
49	H.52 - Warehousing and support activities for transportation	556,0	0,0		135,9	47,0	-32,4	-3,5	-27,6	143,476	129,892	2.1%	283,2	97,8	168,6	6,3	6,2
50	H.53 - Postal and courier activities	389,2	0,0		1,1	0,7	-0,3	0,0	-0,3	8,255	7,732	97.9%	388,5	0,7	0,0	0,0	1,5
51	I - Accommodation and food service activities	1,892,4	0,0		683,2	155,1	-95,5	-22,7	-71,2	311,465	296,730	1.9%	779,6	701,1	394,3	17,4	6,9
52	L - Real estate activities	3,677,3	0,0		858,7	363,1	-226,1	-35,2	-184,0	223,268	191,189	3.6%	1,157,4	1,422,4	1,013,0	84,5	7,9
53	**Exposures towards sectors other than those that highly contribute to climate change***	**4,536,5**	**0,0**		**872,8**	**255,7**	**-160,2**	**-29,2**	**-124,7**	**602,601**	**530,677**	**10.5%**	**3,067,5**	**1,116,5**	**344,8**	**7,7**	**4,0**
54	K - Financial and insurance activities	114,6	0,0		7,3	2,0	-1,5	-0,4	-1,0	0	0	0.0%	62,2	49,6	2,8	0,0	4,7
55	Exposures to other sectors (NACE codes J, M - U)	4,421,8	0,0		865,6	253,7	-158,7	-28,8	-123,6	602,601	530,677	10.8%	3,005,3	1,066,8	342,0	7,7	4,0
56	**TOTAL**	**35,955,3**	**761,4**		**7,301,7**	**2,149,1**	**-1,440,5**	**-235,7**	**-1,150,3**	**19,004,837**	**15,393,190**	**8.2%**	**24,996,3**	**7,275,7**	**3,350,1**	**333,2**	**4,2**

** In accordance with Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transmission Bencmarks and EU Paris-aligned Benchmarks – "Climate Benchmark Standards Regulation - Recital 6": sectors listed in sections A to H and section L of Annex I of Regulation (EC) 1893/2006.*

The scope of the template consists of loans and advances, bonds and equity in the banking book (not held for trading and not held for sale) to non-financial corporations according to FINREP, with the addition of some counterparties (49, for a GCA of about €95 million) financial holding companies with predominant activity either related to NACE sectors of production activities included in the scope of template 1. The total in scope amounts to EUR 35,404 million GCA (Total Gross Carrying Amount) for about 119,000 individual counterparties (EUR 40,596 million in terms of utilised cash loans and unsecured lines of credit).

Column 'c' is not filled as the EU taxonomy data on exposed loans is not yet available (information required from December 2023 for exposures included in the numerator of the GAR and from December 2024 for exposures included in the numerator of the BTAR).

Column (k) includes exposures of counterparties reporting Scope 1 or 2 or 3 exposures).

Positions of the French subsidiary Monte Paschi Banque are not reported due to lack of specific information.

Excluded from the Paris-Aligned Benchmarks (PAB)

In order to determine the counterparties to be considered as excluded from the EU Paris Agreement aligned benchmarks, the provisions of Article 12, paragraph 1, letters from d) to g), and Article 12, paragraph 2, of Delegated Regulation (EU) 2020/1818 were followed. This Regulation established the categories of exclusions from the EU Paris Aligned Benchmarks for the companies described in points (d) to (g) below:

- Companies deriving 1% or more of their revenues from the exploration, extraction, mining, distribution or refining of anthracite and lignite;
- Companies deriving 10% or more of their revenues from the exploration, extraction, distribution or refining of petroleum-derived fuels;
- Companies deriving 50% or more of their revenues from the exploration, extraction, production or distribution of gaseous fuels;
- companies that obtain 50 per cent or more of their revenues from electricity production with a greenhouse gas intensity of more than 100 g CO_2 e/kWh.

In order to identify these counterparties, the relevant information published directly by the companies in the Non-Financial Statement was used, where available, and in the absence of such information, the activities of the counterparties were mapped – on the basis of their NACE/Ateco codes and relevance in terms of share in total revenue – to the activities set out in the Delegated Regulation.

Financed GHG emissions

The analysis, which was supported by an info-provider specialising in financial data, was carried out on the basis of different stages of information processing:

- information obtained from counterparty declarations (for companies under NFS obligation or through voluntary declaration);
- information estimated on the basis of data on the activity carried out, as Scope 1, 2 and 3, or for Scope 1 only, on the basis of the emissions intensity of the relevant sector;
- analysis of the result of the estimation of Scope 3 emissions against the intensity thresholds (min and max) derived from the system average data from the 2022 Climate Stress Test results;
- determination of the financing ratio for each counterparty using a methodology

based on PCAF (Partnership for Carbon Accounting Financials) standards, as the ratio between the total GCA to the counterparty and the total balance sheet assets (in case of positive equity) or the sum of current and non-current liabilities (in case of negative equity); in the absence of useful balance sheet data, the financing ratio is determined using the System's cash debt as the denominator, as derived from the central risk management system;

- determination of the value of financed emissions for each scope by multiplying the financing ratio by the bank's total exposure to the counterparty.

The share of GHG emissions information (scope 1 or 2 or 3) from voluntary reporting or declarations is 8.2% of the total scope.

Methodological note on the estimation approach used by the data provider

For Scope 1 emissions, the estimation procedure is based on official public source data (Eurostat) on emission intensity expressed in tonnes of CO2/€ of added value per NACE code, further refined using, where available, more granular emission data for more detailed NACE/Ateco codes (source: Ispra/EU Emissions Trading Registry). This coefficient is then reconverted to revenue through a recalibration procedure, which involves first calculating the ratio between the sectoral value added provided by Eurostat and the sectoral value added calculated by the provider by aggregating the individual balance sheets for each sector, and finally applying the ratio between value added and revenues, again at sector level. The figure thus obtained is then further refined by comparison with the similar indicator calculated on the basis of the average data of the sample of enterprises operating in the same sector from point data, where homogeneous and statistically significant samples are available.

Scope 2 emissions data have been estimated using electricity consumption data (in MW/h) at the 2-digit NACE code level (source: Terna) and applying a conversion coefficient to convert electricity consumption into CO2 emissions (in tonnes CO2 eq/Gw/h) (source: Enel). Scope 3 emissions are estimated using the methodology of a data provider, borrowed from Eurostat's consumption-based accounting tool, which estimates the (total) emissions of the entire supply chain of a given product, adjusted to take into account the emissions related to intermediate (unfinished) products. Scope 3 emissions are then calculated by subtracting the Scope 1-2 emissions from the total emissions.

Template 2 shows the exposures related to commercial and residential real estate secured loans and the value of the real estate collateral repossessed by the bank, with an indication of the energy consumption (Energy Performance or EP score) and the associated energy performance certification (EPC label), which are considered to be among the main indicators of climate change transition risk for real estate secured loans.

Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral *(€ mln)*

		a	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	
	Counterparty sector		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**	**38,871.2**	**7,410.4**	**17,612.2**	**4,034.7**	**3,216.2**	**320.8**	**215.1**	**919.7**	**441.0**	**614.5**	**1,096.2**	**1,788.2**	**2,874.7**	**4,437.1**	**26,699.8**	**76.8%**
2	Of which Loans collateralised by commercial immovable property	8,427.4	1,856.0	1,445.5	158.7	156.7	13.3	28.5	114.0	30.4	63.9	71.4	49.1	63.3	118.2	7,917.3	40.0%
3	Of which Loans collateralised by residential immovable property	30,415.1	5,554.4	16,166.7	3,876.0	3,059.5	307.4	186.6	805.7	410.6	550.6	1,024.9	1,739.1	2,811.4	4,319.0	18,753.8	92.5%
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	28.6	-	-	-	-	-	-								28.6	0.0%
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	23,632.9	5,531.5	14,017.7	1,811.3	2,272.4	-	-								20,514.8	100.0%
6	**Total non-EU area**																
7	Of which Loans collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Of which Loans collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	-	-	-	-	-	-	-								-	-

- *Exposures by EPC label and energy efficiency score (EP score class, based on the specific energy consumption of the collateral in kWh/m2) identified on the actual EPC labels of the collateral, where available, have been reported.*
- *In the absence of actual energy certification data, estimated energy consumption data provided by specialised external providers and calculated on the basis of individual property characteristics have been used for row "5".*

Template 4: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms *(€ mln)*

Template 4 shows the exposure to the 20 most GHG-intensive companies worldwide. The analysis to determine these exposures was conducted using the Carbon Majors Database of the Carbon Disclosure Project (2017) and the Climate Accountability Institute (2019) lists.

	a Gross carrying amount (aggregate)	b Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	c Of which environmentally sustainable (CCM)	d Weighted average maturity	e Number of top 20 polluting firms included
1	15	0.04%	-	0.16%	1

For counterparties among the top 20 carbon emitting companies in the world

Quantitative information on Physical Risk

Table 5 provides information on exposures in the banking book (including loans and advances, debt securities and equity instruments not held for trading and not held for sale) to non-financial corporations, loans secured by real estate and repossessed real estate collateral that are considered exposed to chronic and acute climate risks.

Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk *(€ mln)*

	a	b	c	d	e	f	g	i	j	k	l	m	n	o
		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 e xposures 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	
	Variable: Geographical area subject to climate change physical risk - acute and chronic events		<= 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	1,229.1	327.8	186.0	209.1	39.4	7.9	591.9	324.2	153.8	242.3	39.5	-28.9	-8.4	-19.6
2	B - Mining and quarrying	114.6	16.1	0.7	0.2	0.0	2.9	19.7	17.0	0.0	7.8	1.0	-1.0	-0.5	-0.5
3	C - Manufacturing	11,179.1	2,126.6	454.7	84.2	1.2	3.1	1,221.4	1,656.5	211.2	439.5	142.7	-94.1	-9.8	-80.9
4	D - Electricity, gas, steam and air conditioning supply	1,002.1	66.2	30.2	26.8	0.0	5.6	33.3	93.7	3.9	44.2	20.6	-13.6	-0.8	-12.6
5	E - Water supply; sewerage, waste management and remediation activities	858.4	145.7	35.5	18.2	0.5	4.0	20.7	181.8	2.5	76.3	9.9	-8.3	-1.0	-7.3
6	F - Construction	2,863.8	352.1	194.1	74.6	35.4	6.1	98.7	616.3	58.7	210.5	64.9	-48.5	-9.3	-37.9
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	6,946.8	1,004.3	280.3	116.8	1.1	3.8	318.8	1,206.9	123.1	296.7	94.5	-65.5	-8.4	-55.4
8	H - Transportation and storage	1,655.3	203.8	101.3	102.6	0.1	6.3	104.5	337.4	34.1	118.1	42.0	-28.2	-1.9	-24.7
9	L - Real estate activities	3,677.3	298.0	383.4	328.2	32.6	8.2	54.5	1,011.7	24.0	233.0	108.0	-53.3	-9.5	-41.6
10	Loans collateralised by residential immovable property	30,415.1	181.6	576.1	2,585.3	3,336.1	19.8	1,163.4	5,850.7	335.0	442.2	107.6	-51.2	-18.3	-26.9
11	Loans collateralised by commercial immovable property	8,427.4	225.3	406.5	547.2	62.9	10.4	120.6	1,159.2	37.9	373.7	75.5	-50.5	-17.4	-31.1
12	Repossessed colalterals	28.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Other relevant sectors (breakdown below where relevant)	4,406.7	543.7	385.1	206.7	10.7	6.3	117.7	1,102.4	73.9	287.0	59.5	-38.8	-9.4	-27.7

· *The positions of the French subsidiary Monte Paschi Banque are not shown due to a lack of specific information.*

· *Loans secured by commercial real estate are included both in the specific item (line 11) and in loans to non-financial corporations in the reported sectors (lines 1-9-13).*

"Other relevant sectors" (line 13) include the following NACE groupings:

- *I – Accomodation and food service activities*
- *K – Financial and insurance activities*
- *M – Professional, scientific and technical activities*
- *N – Administrative and support service activities*
- *P – Education*
- *Q – Human health and social work activities*

Methodological note on the physical risk exposure model

In order to present loans on the basis of their exposure to acute and chronic physical risks, the MPS Group has used a model based on geo-localised risk data provided by a specialised external provider and has integrated it with an internally-defined methodology that classifies individual risk factors into categories of acute and chronic physical risk.

Risk is determined on a geographical basis with the most precise reference possible for the different types of exposure considered, as shown in the table below.

Type of Risk / Description of risk factor		Geo-localisation grid			Corporate activity limitation
		Collateralised real estate	Loans to Large Corporates	Loans to SMEs	
ACUTE PHYSICAL RISK					
FLOODS	Risk of floods related to watercourses and heavy rainfall, risk prediction model.	census unit		Municipality	-
LANDSLIDES	Risk of landslides, long-term historical data	census unit			-
WIND	Probability of extreme wind-related events, return period 50y	hexagonal grid with approx. 1.22 km per side			-
EXTREME WAVES	Probability of storm surges and high-energy waves	25km side			-
WILDFIRES	Risk classes based on days with high risk of fire	4km side			-
HEATWAVES	Probability of heatwaves (extreme heat-related events > 3 days), historical data	N/A	10km side		Outdoor / labour-intensive activities only
FROST	Probability of frost, even of short duration, risk predictions models	N/A	10km side		Agricultural activities only
CHRONIC					
Chronic heat & soil					
SOIL EROSION	Severity of rainfall-induced soil erosion, RCP scenario 4.5	N/A	hexagonal grid with approx. 174 metres per side	Municipality	
DROUGHT	Probability of drought-related events (precipitation/evaporation ratio), risk prediction model	N/A	0.5km side		Outdoor / labour-intensive activities only
HEAT	Probability of extreme heat events (even of short duration), risk prediction model	N/A	10km side		Outdoor / labour-intensive activities only
Chronic coastal					
SEA LEVEL RISE	Estimation of sea level using different meteorological models	25km side	25km side	Municipality	-
COASTAL EROSION	The score represents erosion compared to the current state, RCP 4.5	0.2km side	0.2km side	-	-

For each entity analysed (loans of any type to corporates or loans secured by real estate), the entity is considered to be exposed to an acute or chronic physical risk if at least one of the applicable exposure factors is at a “high” or “very high” level (e.g. the risk factors related to heat, drought or frost, which only apply to certain labour-intensive or open-air economic activities, do not apply to loans secured by real estate).

Quantitative information on other climate change mitigating actions

With regard to other climate change mitigation measures not covered by Regulation (EU) 2020/852, which are required in Table 10, the Group currently has no Green Bonds or Sustainable Linked Loans in its portfolio that were issued under rules other than those of the European Union.

Loans that are considered to mitigate transition climate risk include:

- Loans that meet the requirements of an internal framework that provides for the use of environmental scoring, which contributes to the definition of the risk profile assigned to the counterparty and the definition of KPIs/covenants shared between the parties with the aim of reducing environmental impact (for EUR 165.2 million)
- and loans to renewable energy projects (biogas, biomass, energy efficiency, wind, photovoltaic, waste to energy) (EUR 225.7 million).

Template 10 – Other climate change mitigating actions that are not covered in the EU Taxonomy *(€ mln)*

	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (million EUR)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations				
2		Non-financial corporations				
3		Of which Loans collateralised by commercial immovable property				
4		Households				
5		Of which Loans collateralised by residential immovable property				
6		Of which building renovation loans				
7		Other counterparties				
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations				
9		Non-financial corporations	390.9	transition risk linked to climate change		Defined on the basis of an internal framework that includes the use of environmental scoring to help define the risk profile assigned to counterparties and the definition of common KPIs between the parties aimed at reducing environmental impact. Financing in support of renewable energy projects is also included.
10		Of which Loans collateralised by commercial immovable property				
11		Households				
12		Of which Loans collateralised by residential immovable property				
13		Of which building renovation loans				
14		Other counterparties				

Declaration of the Financial Reporting Officer

Pursuant to para. 2, article 154-bis of the Consolidated Law on Banking, the Financial Reporting Officer, Mr. Nicola Massimo Clarelli, declares that the accounting information contained in this document corresponds to the underlying documentary evidence and accounting records.

Siena, 3 August 2023

Nicola Massimo Clarelli

Financial Reporting Officer

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[1] Not applicable for the Group as the NPL ratio < 5% as at 30 June 2023.
[2] Not applicable for the Group as international originating exposures in all countries in all exposure classes are less than 10 % of total originating exposures (domestic and international)

Appendix 1 – Details of Information provided in compliance with EBA/ ITS/2020/04

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[3] Not significant as the Group does not use derivatives as part of CRM techniques or for insignificant amounts
[4] Not reported as the Group as at 30 June 2023 does not present the case

Appendix 1 – Details of Information provided in compliance with EBA/ ITS/2020/04

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[5] Not applicable as the Group does not use internal models to calculate the requirements for market and counterparty risks

Appendix 2 – Details of Information provided in compliance with EBA Guidelines GL/2020/12

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

[6] All institutions shall start disclosing information in columns i to k of the template by 30 June 2024.
[7] This template shall start to apply as of end 2023 first disclosure reference date
[8] All institutions shall start disclosing the information included in this template as of 30 June 2024 first disclosure reference date.
[9] This template shall start to apply as of end 2024 first disclosure reference date

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