GRUPPO CASSA DI RISPARMIO DI ASTI

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RISPARMIO DI ASTI

REPORT
ON OPERATIONS

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KEY CONSOLIDATED OPERATING DATA

Amounts are shown in €/thousand

MAIN BALANCE SHEET DATA	31/12/2021	31/12/2020	CHANGES	
			Absolute	%
NET LOANS AND ADVANCES TO CUSTOMERS	7.131.064	6.864.429	266.635	3,88%
DIRECT FUNDING	10.201.090	9.913.066	288.024	2,91%
INDIRECT FUNDING	7.058.297	6.404.422	653.875	10,21%
TOTAL BALANCE SHEET ASSETS	14.564.420	13.972.494	591.926	4,24%
TOTAL OWN FUNDS	1.117.308	1.171.766	-54.458	-4,65%

MAIN INCOME STATEMENT DATA	31/12/2021	31/12/2020	CHANGES	
			Absolute	%
NET BANKING INCOME	321.180	297.502	23.678	7,96%
OPERATING COSTS	-250.259	-242.013	-8.246	3,41%
NET PROFIT	39.647	27.297	12.350	45,24%

OTHER DATA AND INFORMATION	31/12/2021	31/12/2020	CHANGES	
			Absolute	%
EMPLOYEES	1.875	1.847	28	1,52%
BANK BRANCHES	213	221	-8	-3,62%
NON-BANKING BRANCHES	84	80	4	5,00%
NUMBER OF CUSTOMERS	503.104	488.373	14.731	3,02%

INDICATORS

PROFITABILITY INDICATORS	31/12/2021	31/12/2020
OPERATING COST INCOME (1)	58,02%	56,65%
ROE	4,06%	3,31%

RISK INDICATORS	31/12/2021	31/12/2020
NET BAD LOANS/NET LOANS AND ADVANCES TO CUSTOMERS	1,20%	1,64%
COVERAGE RATIO FOR BAD LOANS (2)	60,59%	67,35%
COVERAGE RATIO FOR TOTAL NON-PERFORMING LOANS	48,62%	51,05%
TEXAS RATIO (2)	42,02%	54,26%
FINANCIAL LEVERAGE (3)	15,31	15,47

CAPITAL RATIOS	31/12/2021	31/12/2020
CET 1 RATIO (CET1/RWA)	15,56	15,55
TIER 1 RATIO (TIER1/RWA)	17,26	17,21
TOTAL CAPITAL RATIO (TOTAL OWN FUNDS/RWA)	19,43	19,96

The schedules have been prepared using the figures of the reclassified balance sheet and reclassified income statement for operating purposes.
For the reconciliation between the reclassified financial statements and the statutory accounts, refer to the schedules shown in the "Annexes".

(1) The index was calculated excluding extraordinary charges relating to the banking system; the 2020 index was recalculated with homogeneous criteria.
(2) Bad loans are shown net of interest on arrears deemed wholly unrecoverable.
(3) Calculated as the ratio of total assets net of intangible assets (numerator) and shareholders' equity net of intangible assets (denominator).

KEY CONSOLIDATED OPERATING DATA

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(Amounts are shown in €/thousand)	31/12/2021	31/12/2020	CHANGES	
			Absolute	%
ASSETS				
Cash and cash equivalents	80.296	79.202	1.094	1,38
Financial assets other than loans (FVPL and FVOCI)	1.557.298	579.027	978.270	168,95
Financial assets:	11.753.761	12.238.852	-485.091	-3,96
- of which loans and advances to banks	*2.985.695*	*1.959.152*	*1.026.542*	*52,40*
- of which loans and advances to customers	*7.131.064*	*6.864.429*	*266.635*	*3,88*
- of which other financial assets measured at amortised cost	*1.637.002*	*3.415.271*	*-1.778.269*	*-52,07*
Hedging derivatives	8.184	0	8.184	n.c.
Equity investments	84	82	2	2,44
Property, plant and equipment and intangible assets	287.973	291.835	-3.862	-1,32
Tax assets	265.912	288.867	-22.955	-7,95
Non-current assets held for sale and discontinued operations	67.449	0	67.449	n.c.
Other assets	543.463	494.629	48.834	9,87
TOTAL ASSETS	**14.564.420**	**13.972.494**	**591.926**	**4,24**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits from banks	2.858.086	2.600.388	257.698	9,91
Financial liabilities held for trading	7.924	14.523	-6.599	-45,44
Direct funding	10.201.090	9.913.066	288.024	2,91
- of which deposits from customers	*8.878.432*	*8.381.595*	*496.837*	*5,93*
- of which debt securities in issue	*1.279.751*	*1.486.475*	*-206.724*	*-13,91*
- of which financial liabilities designated at fair value	*42.907*	*44.996*	*-2.089*	*-4,64*
Hedging derivatives	43.440	157.533	-114.093	-72,42
Tax liabilities	86	2.056	-1.970	-95,82
Other liabilities	362.192	227.757	134.435	59,03
Provisions for risks and charges	56.896	71.104	-14.208	-19,98
Shareholders' equity	1.005.431	966.199	39.232	4,06
Minority shareholders' equity	29.275	19.868	9.407	47,35
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14.564.420**	**13.972.494**	**591.926**	**4,24**

For the reconciliation between the reclassified financial statements and the statutory accounts, refer to the schedules shown in the "Annexes".

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(Amounts are shown in €/thousand)	31/12/2021	31/12/2020	CHANGES Absolute	CHANGES %
INTEREST MARGIN	**192.890**	**204.936**	**-12.046**	**-5,88**
Net fees and commissions	89.097	84.933	4.164	4,90
of which Commercial banking	*131.042*	*118.413*	*12.629*	*10,67*
of which Pitagora	*-41.945*	*-33.480*	*-8.465*	*25,28*
Net profit (loss) from trading, hedging, assets/liabilities measured at fair value through profit and loss and at fair value through other comprehensive income, gains/losses on disposal of loans (Pitagora)	135.606	124.993	10.613	8,49
of which Commercial banking	*53.607*	*59.094*	*-5.487*	*-9,29*
of which Pitagora	*81.999*	*65.899*	*16.100*	*24,43*
Dividends and similar income	10.425	12.058	-1.633	-13,54
Other operating expenses/income	3.338	276	3.062	n.c.
GROSS BANKING INCOME	**431.356**	**427.196**	**4.160**	**0,97**
Gains/Losses on disposal of financial assets measured at amortised cost	-18.135	-21.793	3.658	-16,79
Net adjustments for credit risk on financial assets measured at amortised cost	-91.678	-107.615	15.937	-14,81
Profits/losses from contractual changes without derecognition	-363	-286	-77	26,92
NET INTEREST AND OTHER BANKING INCOME	**321.180**	**297.502**	**23.678**	**7,96**
Operating Costs:	-250.259	-242.013	-8.246	3,41
Personnel expenses	-131.869	-126.450	-5.419	4,29
of which personnel expenses	*-131.890*	*-126.471*	*-5.419*	*4,28*
of which allocations to the Solidarity Fund	*21*	*21*	*0*	*0,00*
Other administrative expenses	-95.266	-91.714	-3.552	3,87
of which other administrative expenses	*-81.667*	*-80.457*	*-1.210*	*1,50*
of which contributions to the National Resolution Fund, S.R.F. and D.G.S.	*-13.599*	*-11.257*	*-2.342*	*20,80*
Net value adjustments to property, plant and equipment/intangible assets	-23.124	-23.849	725	-3,04
GROSS OPERATING PROFIT (LOSS)	**70.921**	**55.489**	**15.432**	**27,81**
Net provisions for risks and charges	-13.876	-15.124	1.248	-8,25
Gains (losses) on equity investments	0	-500	500	n.c.
Other non-recurring income/charges	-449	9	-458	n.c.
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**56.596**	**39.874**	**16.722**	**41,94**
Taxes	-16.949	-12.577	-4.372	34,76
PROFIT FROM CONTINUING OPERATIONS	**39.647**	**27.297**	**12.350**	**45,24**
PROFIT FOR THE YEAR	**39.647**	**27.297**	**12.350**	**45,24**

The schedules have been prepared using the figures of the reclassified income statement for operating purposes by referring to the methods illustrated in "Economic performance".

For the reconciliation between the reclassified financial statements and the statutory accounts, refer to the schedules shown in the "Annexes".

The macroeconomic scenario

2021 closes with a strong rebound in the global economy after the COVID-19 crisis, that has disrupted people's lives and led to the deepest recession in peacetime.
The global economy is confirmed on a path of recovery, despite the persistent restrictions on the supply side, the rising trend in commodity prices and the spread of the Omicron variant of the coronavirus (COVID-19) continuing to weigh heavily on short-term growth prospects.
Economic activity continued to be resilient in the fourth quarter of last year. Survey data point to robust economic growth towards the end of 2021, although trade expansion has remained modest. Bottlenecks along supply chains have shown mild signs of easing, although the emergence of the Omicron variant of the coronavirus (COVID-19) and possible staff absences due to the pandemic could leave them prone to further disruption.

In 2021, global GDP growth(1) in real terms (excluding the Eurozone) is expected to rise to 6.0%, then slow to 4.5% in 2022, 3.9% in 2023 and 3.7% in 2024. Foreign demand in the Eurozone is expected to grow by 8.9% in 2021, 4.0% in 2022, 4.3% in 2023 and 3.9% in 2024.

In 2021, the recovery of economic activity and global trade was less regular than expected. The trends in the pandemic have affected consumer confidence, even in the absence of especially tight restrictions. In more recent times, the emergence of the Omicron variant has raised fears of an escalation of the pandemic worldwide, thus further increasing uncertainty about its future evolution. Tensions in global production networks worsened during 2021, affecting in particular the large advanced economies and the manufacturing sector (especially in the automotive industry).

These circumstances are reflected in semiconductor production and transportation volumes, which rank well above their respective pre-pandemic trends. The tensions in the global production networks could in fact be further exacerbated by a precautionary accumulation of intermediate goods in some sectors, due to the fact that companies try to build up reserves to deal with any shortages.

The turbulence in the residential property market in China and the tightening of monetary policy in some emerging economies have further restrained the speed of the recovery. Finally, rising commodity prices have led to the accumulation of inflationary pressures around the world.
In the United States, economic activity is picking up, after modest growth in the third quarter attributable to the resurgence of COVID-19 infections.

(1) Source: European Central Bank - ECB Economic Bulletin, no. 8 - 2021 - January 2022

Since April, consumer demand has shifted towards services to the detriment of durable goods, which are also penalised by supply-side bottlenecks, in a context of strong demand. Annualised GDP growth climbed to 6.9% in the fourth quarter of 2021, driven in part by a strong increase in inventories, while private consumption accelerated the pace of growth to reach pre-pandemic rates.

In the fourth quarter, Chinese GDP growth rose to 1.6% on the previous quarter, an increase that brings twelve-month growth in 2021 to 8.1%. Monthly indicators, however, point to a slowdown in economic activity due to energy shortages, turbulence in the residential property sector and fresh outbreaks of COVID-19.
Also in Japan, the economic recovery recorded an upswing in the fourth quarter of 2021, after the slowdown in the third quarter in the face of supply-side bottlenecks and the resurgence of COVID-19 infections.

In the UK, real activity surpassed pre-pandemic levels for the first time in November, thanks to growing momentum across all industrial sectors. The manufacturing and construction sectors have recovered thanks to the easier procurement of raw materials and the fact that disturbances along the supply chains have started to subside. With the further setback, related to the Omicron variant, expected for production in December, the pace of the recovery in the fourth quarter is likely to remain weak. The combined effect of disturbances along supply chains and labour shortages, driven by the global situation and Brexit, led to a moderation in growth, which in the third quarter stood at 1.3% (down from 5.5% in the previous quarter).
The baseline scenario for the global economy is complemented by two alternative pandemic scenarios, one moderate and one severe.
The fundamental parameters of these scenarios are the evolution of the pandemic, the relative profile of the containment measures and the vaccination campaign. The severe scenario assumes that, in emerging economies, the first two parameters are more adverse and the administration of vaccines slower than in advanced economies. The emergence of the Omicron variant is likely to lead to greater volatility in global growth, but at this stage, significant uncertainty surrounds what its specific impact might be.
Vaccines have been key to overcoming the most acute phase of the health and economic crisis, but it is clear that their uneven worldwide distribution and a fresh wave of infections mean we cannot consider the health emergency and its economic effects to be over. The differences between countries are striking and not only in the comparison between industrialised and emerging economies where economic availability is crucial to guarantee vaccination coverage for the entire population, but also between more similar countries where different factors come into play such as compliance with the rules to limit the spread of the virus. Just think of the European Union, and compare the most virtuous countries, Italy leading the way, where for now no new penalising restrictions have been introduced for the economy, with those where the health emergency has led to the introduction of new total *lockdowns*.
A renewed intensification of containment measures could cloud the short-term outlook globally and increase the dispersion of growth across countries significantly.

The scenario in Europe

In the last quarter of last year, the economic growth of the Eurozone weakened, reaching 0.3% on the previous quarter. Nonetheless, by the end of 2021, GDP reached its pre-pandemic level. Overall, GDP is estimated to have increased by 5.2% in 2021[2], after falling by 6.4 in 2020. Private consumption was the main driver of growth in the third quarter, with a further modest contribution from net trade. A further substantial increase in activity in the services sector made an important contribution, particularly in the hospitality and leisure segments, which benefited from the gradual easing of restrictions over the summer.

The surge in coronavirus (COVID-19) infection rates since late November, the reintroduction of containment measures in several Eurozone countries and growing fears about the Omicron variant are likely to further impact confidence and short-term activity.

Despite the short-term disruptions and uncertainties, the foundations for the ongoing recovery in the Eurozone would not be undermined. The medium-term outlook continues to foresee a further strengthening of domestic demand, together with an improvement in the labour market, a bolstering of global growth and the continued support provided by monetary and fiscal policy in the transition to self-sustaining growth.

This assessment is reflected in the baseline scenario of the macroeconomic projections for the Eurozone made in December 2021 by Eurosystem experts[3], which forecast annual real GDP growth of 5.1% in 2021, 4.2% in 2022, 2.9% in 2023 and 1.6% in 2024, with a return to quarterly levels of activity prior to the pandemic by the first quarter of 2022. Overall, the risks to the Eurozone GDP growth outlook are considered to be broadly balanced.

The scenario in Italy

The data[4] on growth for the third quarter of the year return a decidedly positive picture, with a 2.6% increase in GDP over the second quarter, +3.8% compared to a year earlier, leading to 6.2% growth already achieved for the current year. Growth due to the further recovery in household spending (+3% on the previous quarter), especially in services (+8%) after the end of the *lockdowns* and favoured by the tourist season; note should also be taken of the excellent stability of investments in capital goods, which in posting an increase of +4.5% have now recovered to pre-crisis levels.

(2) Source: European Central Bank - ECB Economic Bulletin, no. 1 - 2022 - January 2022
(3) Source: European Central Bank - ECB Economic Bulletin, no. 1 - 2022 - January 2022
(4) Source: Prometeia - Forecast Report - December 2021

Investments in construction are on the rise, driven by tax incentives for renovations. The performance of exports remains healthy, confirming the health of our industrial sector despite the difficulties that persist in international supply chains.

After the above-average decline in GDP suffered during 2020 (-9% vs -6.5% of the EMU average), the Italian economy therefore recovered very quickly to the point that, in the third quarter of 2021, the gap to France and Germany had already been almost entirely closed, in the face of a greater recovery than the main countries in investments and exports, and lower in household spending.

The preliminary estimates of GDP provided by ISTAT for the last quarter of 2021 show an increase of 0.6% compared to the previous quarter, and 6.4% in trend terms, bringing annual growth to 6.5% compared to 2020.

This trend seems to be due to the driving force of *exports*, food (a sector in which we have a comparative advantage and which was less disadvantaged during the pandemic), sectors linked to the construction industry (wood and furniture, metal equipment, electrical equipment).

It goes without saying that the spectre as regards future prospects continues to be the virus, in relation to which the Omicron variant has rekindled fears that new restrictions may be needed to contain its spread. Also in this context, Italy appears to be one of the best positioned countries, with very high population vaccination rates, with a diligent start to the campaign for administration of the third dose and for the vaccination of children and, above all, with the well-established use of the *green pass*.

Inflation, which has disappeared from the economic scene for almost 20 years, sought after by central banks in the years following the financial crisis when exceptional measures were devised (the various forms of *Quantitative Easing*) to enhance the action of monetary policies, especially when the reduction of interest rates has no longer been sufficient, leading to the affirmation that it has finally arrived, fuelled by the restart of post-*lockdown* demand that has encountered supply limitations so that the increase in prices, associated with the unavailability, of many semi-finished products has caused production costs to rise.
An increase in costs which is partly being discharged downstream, in the various stages of distribution, but which is still largely absorbed by company margins. Years of low inflation have made all operators, consumers first and foremost but not only the latter, reluctant to accept price increases, and producers have chosen to favour maintaining customer relationships and investing in quality.

This is what is continuing to happen and companies, on average, are able to withstand this impact, because they are well capitalised and continue to possess robust profits.

Starting from 2022, the extra weapon in the hands of the Italian economy will be the National Recovery and Resilience Plan, as our country is one of the major beneficiaries of Next Generation EU funds, and its use will be crucial for orienting growth not only between now and 2026, the period of validity of the plan, but also beyond, to the extent that we will have been able to have an impact on the potential GDP.

In Italy, growth also remained dynamic in the third quarter of 2021. The economic trend in GDP (2.6%) is the synthesis of a robust positive contribution from domestic demand (2.1%), a less intense one than foreign demand (0.5%) and a substantially zero contribution from the change in inventories (0.1%).

The improvement in domestic demand largely reflects that of household consumption (1.7% on GDP), while the contribution of investments (0.3%) is almost entirely attributable to capital goods.

The growth of the foreign component was stimulated by the strong dynamism of the exports of services, decidedly more intense than that of the respective imports. On the supply side, the improvement in the third quarter stemmed from the acceleration in services, with private services growing by nearly 4% for the second consecutive quarter.

The only sector linked to services that has experienced a contraction, albeit a slight one, is surprisingly that of artistic, entertainment and leisure activities which remains below the pre-pandemic levels by as much as 13%.
Growth continued both in construction, albeit at a more moderate pace than in previous quarters, and in the manufacturing component, whose added value exceeded pre-crisis values.

The banking market

In the European market, the growth of demand deposits continued to weaken. In October, the annual growth rate of demand deposits fell to 11.1% from 11.5% in September. This decline was mainly driven by households, which provide the largest contribution from a sector perspective.

Deposit inflows were substantial at the start of the pandemic as household savings increased as a result of the containment measures and firms created additional liquidity buffers. In a context of increased uncertainty, these inflows then continued beyond the initial phase of the pandemic.

More recently, thanks to improved consumer confidence and increased spending opportunities, households have started to reduce their savings rate. With the progress of vaccination campaigns and the recovery of economic activity, the quarterly pace at which households and businesses accumulated bank deposits has dropped to its pre-pandemic average value.

The growth of loans to the private sector increased slightly in October 2021. Lending to businesses and households continued to benefit from favourable financing conditions and better economic prospects.

After moderating in the first half of the year, private sector loan growth rose to 3.4% in October, from 3.2% in September, driven by loans to businesses. The annual growth rate of loans to businesses rose to 2.5% in October, from 2.1% in September, driven by an increase in short-term loans, probably related to the need for working capital.

At the same time, loan growth remained modest overall due to ample cash and cash equivalents, strengthening of internally generated funds and the availability of other non-bank funding sources, which continued to impact the productive sector's demand for bank loans.

The growth rate of loans to households remained unchanged at 4.1% in October.

Mortgage loans continued to be the main driver of household loan demand, with consumer credit growth remaining modest.

With regard to Italy, credit expansion continues, showing annual growth rate of 3.4% in October, slowing compared to the end of last year.
Loans to households recorded a livelier trend compared to 2020, settling at 3.7% in Italy compared to 4.7% per annum of the average for the countries in the area, loans to businesses are decelerating and grew by 0.6 % in October, with a more marked slowdown in correspondence with the non-renewal of about 10% of the moratoria in place in June, which led to the beginning of the repayment of the loans.

The increase in loans to households found momentum with the improvement in the economic situation and this was reflected in a significant increase in disposable income (3.5% per annum) and in the propensity to consume which, together with a greater demand for durable goods linked to incentives for the renovation and redevelopment of buildings, led to growth in consumer credit of 1.8% in October (-0.8% at the end of 2020).

The improvement in conditions in the real estate market, with more favourable prospects for the coming months and rising sales prices, together with the extension until the end of 2022 of the moratorium on mortgages (Gasparrini Fund), are instead boosting the demand for loans for home purchase, up 4.5% annually in October (2.1% at the end of 2020).

Thanks to healthy *funding* conditions, credit granting criteria remain accommodative and interest rates are at an all-time low.

The slowdown in lending to businesses, after the sharp acceleration of the previous year, can in part be attributed to the resumption of repayments for that part of loans for which an extension of the moratorium was not requested in June and to the more contained increase compared to 2020 in requests for guaranteed loans which, moreover, being partly used to restructure the debt by extending its maturity, would only partially contribute to the increase in the *stock* of loans.

Italian macroeconomic scenario - GDP and components					
% Changes	**2020**	**2021**	**2022**	**2023**	**2024**
Gross Domestic Product	-9.0	6.3	4.0	2.9	2.0
Imports of goods and services	-13.4	13.5	9.3	7.4	6.1
Household and private non-profit institution spending	-10.8	5.2	4.3	3.0	2.8
Public Administration spending	1.9	1.1	0.6	0.1	-0.2
Gross fixed investments	-9.4	15.7	7.7	6.5	5.3
of which: inv. in mach., equipment, means of transport, and various products	-11.2	11.3	8.1	6.2	5.8
of which: inv. in construction	-7.0	20.9	7.3	6.8	4.7
Exports of goods and services	-14.7	12.7	7.6	6.2	3.7
Total domestic demand	-8.4	6.4	4.4	3.2	2.8
Domestic demand net of inventory changes	-8.1	6.2	4.3	3.1	2.7
Current account balance and capital account as a % of GDP	3.7	2.9	2.2	1.7	0.9
Exchange region	4.8	-4.4	-1.2	0.3	0.2
General consumer price index	-0.1	1.8	2.1	1.4	1.6
Per capita Industry wages in the strictest sense	1.1	2.1	1.7	1.8	1.9
General producer price index	-4.4	10.1	4.7	0.3	0.6
Producer price index for non-food products	-0.2	5.6	3.7	1.0	1.3
Disposable income at constant prices	-2.7	3.5	1.4	1.3	1.2
Propensity to consume (% level)	84,9	86.3	88.7	90.2	91.6
Total employment	-10.3	6.1	3.3	2.4	1.7
General industrial production index	-11.0	11.0	2.4	3.4	2.8
Degree of utilisation of production capacity in industry (% level)	70.4	77.1	77.5	77.9	78.2
PA indebtedness (millions of current euros)	158,441	149,645	100,834	77,681	72,251
as % of GDP	9.6	8.4	5.4	4.0	3.6
PA interest expense as % of GDP	3.5	3.3	3.0	2.8	2.8
Public Administration debt as % of GDP	155.6	152.6	149.6	147.7	146.4
Average rate on BOTs (1)	-0.2	-0.5	-0.5	-0.2	0.1
Rate on loans to businesses (1)	1.9	1.7	1.7	1.9	2.1
Average rate on medium/long-term government bonds (1)	1.2	0.8	1.3	1.7	2.0
Gross domestic product at current prices (millions of euros) (2)	1,653,577	1,772,874	1,875,956	1,959,972	2,030,240

(1) Average annual rate

(2) Non-current data for the different number of working days

Source: Prometeia forecasts based on Istat and Bank of Italy data

The local economy

According to a study by the Bank of Italy on the economic situation in Piedmont, the first part of 2021 saw a continuation of the recovery of the Piedmont economy, which took hold in the summer of 2020. The progress of the vaccination campaign and the gradual removal of constraints on economic activities contributed to this.

In the first half of the year, on the basis of the quarterly indicator of the regional economy prepared by the Bank of Italy, the gross domestic product would have increased by 7.7% compared to the corresponding period of the previous year; in comparison with 2019, however, it would be about 5 percentage points lower. The trend was in line with the national average.

In the third quarter, the economic situation was still favourable, despite the tensions linked to the persistent criticalities in the procurement of raw materials and semi-finished products.

The resumption of activity concerned companies of all sizes and the main sectors of regional specialisation. However, the extent of the recovery of the levels prior to the pandemic crisis was heterogeneous.

In industry, the degree of plant utilisation has returned to high levels on average; the trend in the first six months was better in the *automotive* and metal products sectors, but production grew, albeit to a limited extent, also in textiles, thanks to the increase in consumption. In the tertiary sector, the strengthening of activity gradually extended to trade, transport and tourism, which were most affected by the pandemic containment measures.

In construction, the trend was favourable in all production sectors; the residential sector, in particular, benefited from the acceleration of works connected with tax incentives for the energy requalification of buildings.

Investments, which fell sharply in 2020, resumed significant growth. The overall profitability of companies has improved, despite the pressures on profit margins caused by the sharp increase in procurement costs. Cash and cash equivalents of companies have risen further.

The conditions of the labour market, which worsened considerably in the previous year due to the pandemic, showed signs of recovery. Employment has increased since the second quarter of 2021. The growth in the demand for labour in the non-agricultural private sector continued in the summer months.

The fixed-term component contributed significantly to the positive trend in employment positions. The trend was favourable in all sectors, including tourism. The use of wage guarantee measures, although down compared to last year, remained at high levels.

Household consumption has started to grow again, thanks also to the gradual reopening of all commercial and catering activities.

In the first part of 2021, the expansion of bank credit continued, again supported by the extraordinary measures introduced by the Government, the Supervisory Authority and the Eurosystem. Lending to households accelerated, reflecting the increased demand for finance for the purchase of consumer goods and homes.

Business credit growth weakened slightly, although it remained high in comparison with the periods prior to the pandemic. The banking system supply conditions were substantially stable.

The flow of new non-performing loans in relation to total loans last June remained at the low levels of the end of 2020. The credit risk that banks associate with performing loans, which increased significantly in 2020, has risen only marginally.

In the first six months of 2021, bank deposits slowed down slightly. The market value of securities deposited by households with banks returned to grow at sustained rates, thanks to the performance of shares and mutual investment funds.

The forecasts on demand trends for the next few months are marked by optimism; investment activity is also expected to remain high in 2022. However, the significant uncertainty connected, above all, with the persistent supply difficulties and with the increase in the prices of production inputs, weighs on the growth prospects. According to Confindustria Piemonte data, the propensity to invest strengthened during the year, reaching the highest levels of the last decade in September.

According to the Bank of Italy survey, the investment plans formulated at the beginning of 2021, which forecast a significant increase in spending, were confirmed by over three quarters of entrepreneurs and revised upwards by a fifth of them. The recovery in production, which began in the summer of 2020, was intense in the construction sector. The number of hours worked by employees enrolled in the Piedmont building industry relief funds on average for the first seven months of 2021 was significantly higher not only than in 2020, but also 2019.

In the residential sector, activities benefited from the acceleration of the works connected with the use of the Superbonus introduced by Italian Law Decree 34/2020 ("Rilancio" – Relaunch - Decree): based on data from Enea-Ministry of Ecological Transition, at the end of October the initiatives eligible for this tax subsidy amounted to approximately € 673 million (6.9% of the national total); the share of works already completed was almost two thirds, a figure slightly lower than the Italian average.

The forecasts of the companies in the Bank of Italy sample for 2022, formulated between mid-September and the first ten days of October, are still favourable both in the residential and public works sectors, also due to the expected impact of infrastructural investments connected with the National Recovery and Resilience Plan (PNRR). However, uncertainty is impacting the growth prospects, mainly linked to procurement difficulties and the upward pressure on the prices of materials, as well as the shortage of both skilled and generic labour.

In the real estate market, house sales increased again in the first half of 2021, greatly exceeding the levels prior to the outbreak of the pandemic.

House prices in the first six months were essentially stable compared to the same period of 2020, compared to an increase in the national average.

In the tourist accommodation sector, the climate of confidence returned between June and September to levels only slightly lower than those prior to the outbreak of the pandemic. The recovery in the flow of travellers in the summer months contributed to this, with a sharp increase compared to 2020 according to the estimates of the Piedmont Region Tourism Observatory. However, only in August, arrivals and overnight stays would have returned to values similar to those of the same month of

2019, while they would have remained significantly lower in the summer period as a whole compared to pre-crisis levels.

The Bank of Italy, in its regional bulletin, notes that the positive trend of economic activity and the consequent recovery of cash flows have promoted a further increase in cash and cash equivalents of companies, which at the end of the first half of 2021 stood at historically high levels. It was also influenced by the choice of many companies to set aside part of the new loans obtained since the beginning of the pandemic in bank deposits, mostly for precautionary purposes: according to the Bank of Italy survey, this choice affected about 30% of companies surveyed. Almost 80% of them assessed their liquidity level as adequate for operational needs.

The growth in loans to businesses, under way since spring 2020 due to the liquidity support measures adopted by the Government and other authorities, weakened slightly in the first six months of 2021 (16.3% in June on an annual basis; 18.9% in December 2020), while remaining high in comparison with the periods prior to the pandemic. The increase affected all the main sectors and companies of all sizes, albeit to differing degrees.

The deceleration, which continued also in the summer months, would be attributable to demand factors, in the presence of supply conditions that remained substantially relaxed.

The average interest rates applied by the banks remained substantially stable: in the second quarter those on loans related to liquidity needs were equal to 3.4%, while the annual percentage rate of charge on new loans for investment transactions stood at 1.4%.

Income continued to benefit from public support measures for workers and households. In Piedmont, at the end of June 2021, the number of households receiving 'Reddito di cittadinanza' - RdC (Universal Basic Income) and 'Pensione di cittadinanza' - PdC (Citizenship Guaranteed Minimum Pension) was 72,082 (of which 8,117 earners of PdC), 3.6% of those residing in the region (3.4% at the end of 2020).
In the first part of 2021, consumption began to rise again. According to the SVIMEZ estimates(5) formulated at the end of July, household spending in Piedmont would increase in the year as a whole by only slightly lower than the national average. As regards durable goods, private car registrations increased in the first nine months of the year by 19.4% compared to the same period of 2020 (20.6% on the Italian average); however, their number remains considerably lower than the levels prior to the pandemic crisis.
In the first six months of 2021, loans from banks and financial companies to households began to increase again at rates similar to those prior to the health crisis. In June, the annual growth rate of all loans was 3.6%, 2 percentage points higher than at the end of 2020.

(5) SVIMEZ - Association for the development of industry in Southern Italy
SVIMEZ REPORT 2021 ON THE ECONOMY AND SOCIETY IN THE MEZZOGIORNO (SOUTHERN ITALY):
NORTH AND SOUTH: UNITED IN THE CRISIS AND DIVIDED IN THE RESTART
The regional accounting of the crisis and the forecasts for 2021-22

The increase in loans was supported both by consumer credit, which reflected the greater propensity to spend by households, and by mortgages for house purchases. The continued favourable conditions for access to credit and the improvement in the climate of confidence were contributory factors.

Consumer credit, after the marked slowdown in 2020, grew by 3.8% in June (0.9% in December), a value which is still modest compared to pre-pandemic data. The increase is attributable to loans for the purchase of motor vehicles (12.8%, from 7.1% at the end of last year).

The total of outstanding mortgages, which in June accounted for almost 62% of the debts of households in Piedmont, rose by 3.5%, a rate more than double that of the end of the previous year. The increase in property sales was reflected in the flows of new mortgages: net of subrogations and replacements, the latter amounted to almost € 2 billion in the first half of 2021, 54% more than in the same period of 2020.

The annual percentage rate of charge on new loans for house purchases was 1.7% in the second quarter (1.6% in the last three months of 2020).

The almost zero differential between fixed and variable rates continued to encourage the use of fixed rate contracts by families in Piedmont, which accounted for more than 84% of the disbursements.

On the average of the four quarters ending in June 2021, the flow of new non-performing loans to total performing loans (deterioration rate) was stable compared to the end of 2020, at historically low levels (0.9%). Also considering the classification of receivables according to the rules established by the IFRS 9 accounting standard, there are no significant changes in the riskiness of bank loans. Based on the information contained in AnaCredit and in relation to companies organised in corporate form, the credit risk associated by banks with performing loans, which grew significantly in 2020, only marginally increased in the first half of 2021.

The total stock of non-performing bank loans (gross of value adjustments) of Piedmont-based customers went from 4.5% of total loans in December 2020 to 4.2% in June 2021.

In the first six months of 2021, bank deposits increased, albeit slightly less than at the end of last year (8.6% over twelve months, from 10.0% in December 2020).

The consumer credit market in Europe

In the European scenario, according to the results of Biannual, a survey conducted by Eurofinas (European Federation of Finance House Associations), in the first half of 2021, loans granted came to € 215 billion, marking an increase of 19% over the same period of 2020, even if down compared to the same period of 2019 (€ 235.1 billion in new loans disbursed).

Total new consumer credit loans, which represent the majority of new loans (67%), recorded an increase of 13.9% in the first part of the year.

The recovery in new loans granted was recorded in all the consumer credit categories. Personal loans recorded the highest growth, equal to 16.2%, compared to the first half of last year.

Special-purpose loans in the car sector registered a significant recovery in the first half of 2021, increasing by 26.2%. Loans for new and used vehicles increased by 25.2% and 27.2% respectively.

The aggregate figures reflect that the recovery in business was widespread in all domestic markets of Eurofinas members, with the exception of Portugal, Denmark and Germany, which recorded losses between -11% and -3% in new consumer credit loans. By comparison, the Czech Republic, Spain, the United Kingdom and Belgium enjoyed modest growth of less than 20%, while the others recorded increases of more than 20%.

In the third quarter, private consumption strengthened due to an improvement in the labour market and a reduction in the propensity to save. However, the European consumer credit market has seen moderate growth, also driven by the contraction in car financing.

An analysis of the quarterly trend, based on the data of the Quarterly Survey 2021, shows that total of new loans disbursed in the consumer credit sector recorded a decrease by -11.3% in the first quarter of 2021, compared to the same period of last year.

The subsequent second and third quarters, on the other hand, witnessed a sudden turnaround, registering increases by +55% and +4.7% respectively compared to the same period of 2020.

The aggregate figures reflect an increase in most of the national markets of Eurofinas members. These include Italy, which reported growth in the 2021 April-June period equal to +75.2% and +5.1% in the third quarter of the year, a figure in any case higher than the average for the area.

The consumer credit market and the salary and pension assignment loan market in Italy

Based on the contents of the 51st edition of the Retail Credit Observatory created by Assofin, Crif and Prometeia, consumer credit flows, in the first nine months of 2021, recorded solid growth by +18.8%, which still reflects the reduced disbursements of a year earlier.

The positive *trend* is also consolidated in the last months of the year: in December 2021 the change in consumer credit flows is confirmed positive, although slowing down compared to the previous month, also due to the fresh wave of the pandemic and household concerns over the general increase in prices.

The flows financed in 2021 show an increase compared to the previous year, as better specified below.

In comparison with the pre-COVID period, however, they are in negative territory: volumes remain, in fact, lower than the pre-crisis ones, despite the fact that the gap has gradually narrowed over the course of the last year.

But not all products will recover pre-pandemic values.

Loans for purchases in the mobility sector show a recovery, thanks to second-hand and two-wheel vehicles and the driving force of *green* mobility.

Loans for the purchase of other goods and services (belonging to sectors such as electronics and household appliances, furniture) also benefited from the increase in the *online* channel.

Salary and pension assignment loans, supported by disbursements to public employees, contains the *gap* with respect to the pre-pandemic values.

Volumes financed to pensioners amounted to approximately € 2.8 billion, recording a positive result in 2021 compared to the previous year (+10.4%), although still down compared to 2019 (-8%).

The flows disbursed to public employees amounted to € 2.3 billion, marking an increase compared to both 2020 and 2019 (respectively by +1.9% and +7.6%), while those to employees of private companies reached € 1 billion, registering an increase of 20.7% compared to 2020, but still down compared to 2019 (-3.7%).

In fact, a key role in the distribution of credit to households was played by the network of credit intermediaries - thanks to greater mobility throughout the territory which made it possible to assist customers even at home - and the *online channel,* which benefited from the acceleration of the digitalisation process of both supply and demand during the pandemic emergency.

2021 closes with an overall growth of +16.9% (+17.6% in consumer credit excluding credit cards) compared to the previous year (with approximately € 72.3 billion of flows disbursed and a total of almost 500 million of new financing transactions) The market, however, remains down in comparison with pre-COVID volumes (-8.6%), despite the gradual reduction of the *gap* during the year.

In particular, loans for the purchase of cars and motorbikes recorded double-digit growth (+17.4%) compared to 2020 - with € 7.4 billion disbursed and almost 600,000 new financing transactions -, mainly thanks to the boost provided by incentives and the greater need for individual and sustainable mobility.

However, they closed the year with a negative *trend* in the number of new financing transactions, settling at -0.7% compared to the same period of the previous year, resuming the 2019 disbursement target (+1%).

Loans for the purchase of other goods and services also increased overall to +12.6% compared to 2020, with € 4.8 billion disbursed and almost 3.1 million new financing transactions, also thanks to the growth in use of instalment-based credit lines (not associated with a credit card) offered mainly in the context of *e-Commerce* purchases.

Personal loans also recorded a positive result, which recorded an increase of 27.1% compared to 2020, with € 22 billion disbursed and almost 1.7 million new financing transactions, even though the *gap* compared to 2019 is still significant.

In line with the evolution of household consumption, the overall disbursements linked to the option or instalment-based cards sector recorded an increase by +11.8% compared to 2020, with almost € 30.2 billion disbursed and 490 million new transactions.

In the salary and pension assignment loan sector, the propensity of households to use this form of financing is constantly rising.

After the contraction in 2020, the flows of salary and pension assignment loans start to grow again, showing a positive result in 2021 compared to the previous year (+8.6%), although still down compared to 2019 (-1.9%).

Merger by incorporation of Biverbanca into Banca di Asti

Last November, the merger by incorporation of the subsidiary Biverbanca into the Parent Company was completed, in execution of the merger plan and the respective shareholders' meeting resolution of 7 October 2021.

The Transaction is part of the corporate simplification process launched in 2018 by the Cassa di Risparmio di Asti Group aiming, above all, at the rationalisation of the organisational and shareholding structure of Banca di Asti and Biverbanca.
The merger completes the operational and business integration, allowing for significant benefits in terms of cost and revenue synergies as well as of an industrial nature, strengthening the continuous growth and commercial development of the Group.
The procedure relating to the merger of Biverbanca was carried out in a simplified form pursuant to Article 2505 of the Civil Code, as Banca di Asti held the entire share capital of the merged company. Therefore, it was not necessary to determine the exchange ratio and the procedures for assigning the Bank's shares, as well as the date from which these shares will participate in the profits. On the effective date of the merger, the shares of Biverbanca were cancelled without swap and without the issuing of Banca di Asti shares.

There were no amendments to the Bank's Articles of Association deriving from the Transaction, nor is there a right of withdrawal for the shareholders of the Parent Company who did not participate in the adoption of the resolution approving the merger.

The merger took effect for statutory purposes on 6 November 2021, and for accounting and tax purposes on 1 January 2021.

Please refer to the information provided in "Part G - Business combinations concerning companies or business branches" of the Notes to the consolidated financial statements for the accounting treatment adopted to represent the Transaction.

Mission and strategic design

During 2021, the companies of the Cassa di Risparmio di Asti Group operated in an economic scenario still shaped by the negative effects associated with the COVID-19 pandemic: nevertheless, they confirmed their significant resilience, healthy level of profitability and their excellent operational efficiency.

The specific capitalisation, liquidity, efficiency and quality indicators express significant further strengthening of the structural framework of the Group and of the individual companies, which pursued their *mission* with determination and pragmatism during the year.

The results of the 2021 financial year testify to the Group's ability to identify and concretely implement effective strategic lines, confirmed by the fact that all the structural strengthening objectives set out in the 2019-2021 Strategic Plan have been fully achieved, balancing the following constraints:

- to maintain the Group’s structural foundations which, thanks to the strategic decisions and the operating results of recent years, are solid and at high

levels, particularly as regards liquidity, capitalisation, provisioning rates, leverage, efficiency and productivity ratios (net of charges and contributions to support the system) and the diversification of sources of income;
- to look towards the future, while achieving a good level of profitability, continuing to pursue development projects and the related investments (including the relative costs in the income statement) to further improve the service model, with a view to making its competitiveness more effective from a sales perspective and its organisation and work processes more efficient;
- to improve overall profitability (short and medium term) and the related cost/income ratio, to increase the size of indirect funding, especially in the asset management area, to reduce the percentage represented by gross and net non-performing loans of total loans.

The companies of the Cassa di Risparmio di Asti Group are confirmed as modern, fast and flexible commercial companies, able to compete in their local markets, seeking to build lasting relationships with Customers to achieve reciprocal economic advantages.

Operational management of the COVID-19 emergency

In 2021, in relation to the evolution of the COVID-19 pandemic, the Bank continued the initiatives and activities launched in 2020 aimed at implementing the regulations issued by the Government to limit infections, protect the health of workers, but also of suppliers and customers, to ensure business continuity and the provision of services to customers.
The initiatives were organisational as well as operational in nature and were intended to protect worker and customer safety and can be summarised in the following points:
- prevention of contagion risks in the workplace through the supply of personal and collective protective equipment and the introduction of hygiene and health rules to be respected (distribution of gloves, masks and sanitising gels to all employees, placement of Plexiglas screens and free-standing protective tempered ground plate glass dividers, installation of body temperature detectors - thermo-scanners - which checks everyone before accessing the workplace);
- maintenance of specific instructions given to employees on the protocols, in force from time to time, to be observed in the case of current or previous illness linked to coronavirus contagion;
- continued suspension of in-person meetings, meetings with customers for sales and service purposes and in-person classroom training, and IT tools were made available to employees for video conferences and conference calls;
- maintenance of the ban on the use of common areas in the workplace to avoid crowding, and visitor, supplier and consultant access was limited. Entry into the Group’s offices or the branches was permitted only after taking a series of preventive steps, including the completion of medical history questionnaires;

- instruction of expanding the cleaning service in all locations, with the daily disinfection of work surfaces using hydro-alcoholic solutions and recommendations and instructions were provided to ensure rigorous compliance with hygiene and health measures;
- sanitising maintenance of air conditioning and/or ventilation systems and cleaning of the systems with the extraction of filters, while all areas usable by customers were outfitted with totems with disinfectant gel dispensers for hand sanitisation;
- strengthening of the use of *smart working* and *home working* methods as an exception to individual agreements.

Again to protect the health of all employees and speed up the administration of vaccines, the Bank joined the "COVID-19 vaccinations in the workplace" campaign, reserving the possibility of directly vaccinating employees in service and their close family members at some premises of the bank made available to the Health Service of the Piedmont Region.
Finally, in line with the provisions of Italian Law Decree 127 of 21 September et seq., as greater protection for the safe performance of work activities and to contain the epidemic, all employees were obliged to possess and exhibit the Green pass in order to access the workplace.

The vaccination campaign should have made it possible to ensure the containment of new waves of the pandemic with a subsequent resumption of all economic activities. The path to recovery, however, remains characterised by uncertainties and obstacles such as the emergence of new variants of COVID-19 and the uncertainties of a segment of the population over taking advantage of the vaccines.

As regards the extraordinary measures to support the economy, businesses and households, right from the very onset of the COVID-19 pandemic crisis, the governments of the European Union and the European Central Bank (ECB) adopted exceptional measures to respond to the emergency and limit its effects on the economy.
Some of the measures adopted by the Italian government to support individuals and businesses involved the banking system as a vehicle for their implementation:

- Italian Law Decree no. 18 of 17 March 2020, converted into Law no. 27 of 24 April 2020, the “Cura Italia” (Heal Italy) Decree, laying out measures to strengthen the national healthcare service and economic support measures for households, workers and businesses connected to the epidemiological emergency;
- Italian Law Decree no. 23 of 8 April 2020, the “Liquidità” (Liquidity) Decree, laying out urgent measures on access to credit and tax obligations for businesses, special powers in strategic sectors, as well as initiatives concerning health and work, and extending administrative and procedural terms.

To deal with the economic consequences of the pandemic, the Italian Banking Association (ABI) also promoted several initiatives, including the signing of an

agreement with the Trade Unions and the Employers' Associations, based on which the banks participating in the initiative made advance payments to entitled employees of the supplementary income benefits provided by the "Cura Italia" Decree.
Italian Law Decree no. 104 of 14 August 2020, the "Agosto" (August) Decree, automatically extended the Cura Italia Decree's benefits from 30 September 2020 to 31 January 2021 for all SMEs submitting their requests by the date of entry into force of the decree. For other businesses, the deadline for submitting the application was 31 December 2020.
The 2021 Budget Law, Law no. 178 of 30 December 2020, applied a further extension of the suspensions until 30 June 2021. Companies that had not yet requested suspension could do so by 31 January 2021 under the terms and conditions envisaged in the Cura Italia Decree.

The EBA Guidelines extended the aforementioned system of moratoria, initially until 30 September 2020 and then again on 2 December 2020 until 31 March 2021. They also introduced the nine-month limit as the maximum overall period of application of the general payment moratoria relating to both legal forbearance and system arrangements.

Italian Law Decree no. 73 of 25 May 2021, the "Sostegni-bis" (Support bis) Decree, extended the operations of the MCC loans with direct guarantee until 31 December 2021.
The Decree intervened with an allocation of about € 40 billion to expand and strengthen the tools to combat the spread of the COVID-19 epidemic. With regard to the banking sector, measures for € 8,500 million have been provided, mainly consisting of the moratorium on loans applied to the principal portions until 31 December 2021, the reshaping and extension of the guarantee instruments for SMEs and SACE, the introduction of the public portfolio guarantee to support loans for the financing of research and investment projects of small and medium-sized enterprises, the promotion of share capital increases through the new ACE (aid for economic growth) regulation, in tax subsidies, tax credits and offsetting in relation to investment activities. Specifically, Article 16 provides for the possibility of a further extension of the expiry of the suspension period for the instalments of loan agreements granted to SMEs, previously set at 30 June, until 31 December 2021.

The initiative therefore applied exclusively to the moratoria already granted, pursuant to Article 56 of the Cura Italia Decree of 17 March 2020, and still in place at the time of publication of the Sostegni-bis Decree. The Decree was converted into law by the Parliament on 23 July.

For the Bank, with reference to the moratorium positions, the decreasing *trend* of the relative stock in terms of residual debt was noted, which went from the initial € 2.1 billion granted to € 425 million in June 2021 and € 45 million in December 2021.

Governments and central banks continue to guarantee support for the real economy and the markets and the attention of *regulators* is constantly focussed on the need to contain any financial *shocks*. The monitoring and proactive management of credit risk continue to represent the main area of attention for financial intermediaries, both as regards the area of classification of credit exposures and their consequent assessment, in line with the guidelines and provisions of the supervisory authorities who have expressed an opinion on the subject on several occasions during 2020 and 2021, underlining the importance of the attention that banks will have to pay in this delicate phase to managing credit risk, in accordance with the need to promptly identify all possible signs of deterioration in exposures.

During 2021, the Italian Government presented the National Recovery and Resilience Plan (PNRR) which is part of the Next Generation EU (NGEU) programme. This is a package worth € 750 billion, about half of which is made up of grants, agreed by the European Union in response to the pandemic crisis. The main component of the NGEU programme is the *Recovery and Resilience Facility* (RRF), which has a duration of six years, from 2021 to 2026, involving a total amount of € 672.5 billion (€ 312.5 billion relating to grants, the remaining € 360 billion to loans at subsidised rates).

The Plan is structured around three strategic axes shared at European level: digitisation and innovation, ecological transition, social inclusion. This is an initiative which aims to repair the economic and social damage of the pandemic crisis, help resolve the structural weaknesses of the Italian economy and support the country on a path of ecological and environmental transition.

The Plan also sets out an ambitious programme of reforms, to facilitate the implementation phase and, more generally speaking, help modernise the country and make the economic context more amenable to business development:

- reform of the Public Administration to provide better services, encourage the recruitment of young people, invest in human capital and increase the degree of digitisation;
- justice reform, which aims to reduce the length of judicial proceedings, especially civil ones, and the heavy burden of arrears;
- horizontal simplification measures to the Plan, for example with regard to the granting of permits and authorisations and public tenders, to ensure the realisation and optimum impact of the investments;
- reforms to promote competition as an instrument of social cohesion and economic growth.

It should be noted that, in 2021, there were no further significant regulatory actions by *regulators* and *standard setters*, which had already issued their opinions in 2020, outlining a framework that still remains valid.

As regards monetary policy interventions, to support liquidity conditions and lending for households, businesses and banks and allow for a fluid disbursement of credit to the real economy, the Governing Council of the ECB had established on 12 March 2020 an increase in nominal rates for accessing the TLTRO III transactions and a modification improving the economic conditions established for such transactions to be applied in the period from June 2020 to June 2021.

On 30 April 2021, the Governing Council of the ECB made further regulatory changes concerning, among other things, the sanction regime applicable in the event of non-compliance with the deadlines established for the submission of auditors' reports and assessments, the cases admitted for transition from individual participation to that of the group and the treatment of corporate restructuring operations.

The commercial policy

As at 31 December 2021, the Commercial Network of the Cassa di Risparmio di Asti Group was divided into 213 branches, a Private Network consisting of 7 Private Bankers, a Network of Investment Advisors consisting of 117 Investment Advisors, a Business Network consisting of 25 Business Managers and 46 Business Advisors.

The branches were broken down as follows: 60 in the province of Asti, 33 in the province of Vercelli, 31 in the province of Biella, 30 in the province of Turin, 12 in the province of Cuneo, 12 in the province of Milan, 10 in the province of Alessandria, 6 in the province of Novara, 4 in the province of Monza-Brianza, 3 in the province of Aosta, 2 in the province of Pavia, 2 in the province of Brescia, 2 in the province of Varese, 1 in the province of Verbano-Cusio-Ossola, 1 in the province of Genoa, 1 in the province of Bergamo, 1 in the province of Padua, 1 in the province of Verona and 1 in the province of Treviso.

The sales network of Pitagora is mostly characterised by a direct and exclusive arrangement between the Company and the Financial agents, who work in sales outlets located throughout the country, of which there were a total of 84 as at 31 December 2021.

In the commercial policy domain, the Group has favoured the model for coordination and sharing of the actions to be taken within the various corporate operational functions, as a fundamental value for optimising business strategies and boosting its competitiveness.
The Group's *mission* considers it paramount to be able to understand the needs of the local areas in which it operates, also thanks to the synergies created over the years with local institutions and associations with the common goal of supporting economic and social development.

The Group, by virtue of its deep roots in the territory, actually always takes great care in interpreting the needs of households and businesses, especially small and medium-sized enterprises, categories among the hardest hit by the economic crisis resulting from the health emergency of these last two years.

Corporate product range

As regards lending to businesses, the strong roots in the reference territories ensures the Group is deeply committed to the needs of businesses, particularly micro-businesses and SMEs, which along with households play an essential role in our social fabric.
In order to support businesses, the Cassa di Risparmio di Asti Group has, among other things, joined:

- the "Cura Italia" moratorium, i.e. that introduced by the Italian Law Decree of 17 March 2020, with the option for businesses harmed by COVID-19 to request the suspension of mortgage and loan instalments;
- the ABI moratorium, with the option for businesses affected by COVID-19 to request payment suspensions on the principal portion of loan instalments.

Also in 2021, the measures in favour of companies were confirmed, in order to allow them access to financing with state guarantees. In particular, the following were made available to businesses:

- loans of up to € 30,000 with a 90/100% guarantee from the Central Guarantee Fund or from ISMEA, targeting micro-businesses and SMEs;
- loans with a guarantee up to 90% from the Central Guarantee Fund, with possible increase to 100% with Confidi intervention, targeting SMEs and Mid-Caps;
- loans with a guarantee up to 90% from the Central Guarantee Fund, targeting SMEs and Mid-Caps.

The opportunity offered by the Guarantee Fund set up with Mediocredito Centrale has allowed business customers to reschedule their commitments and obtain new low-cost financing. These measures will remain available to business customers also for 2022. In addition to the above, the “Innovando Agricoltura” and “Innovando Imprese” financing facilities, the Finpiemonte and Finlombarda subsidised loans and the “Nuova Sabatini” loan to Small and Medium sized Enterprises (SMEs) for the purchase of new production machinery, systems and equipment, continue to be offered.

In the agriculture sector, subsidised loans under the “2021 Piedmont Region Green Plan” continue to be granted to individual and associated farmers. To encourage the acquisition of new business customers active in the agricultural and agri-food sector of the Provinces of Brescia, Bergamo, Padua, Verona and Treviso and to support the economy hit by the COVID-19 emergency, the Cassa di Risparmio di Asti Group has allocated a *credit limit* of € 30 million for the granting of interest-free loans with a duration of twelve months, with repayment in a lump sum on maturity, with a guarantee from the Central Guarantee Fund of up to 90%. A similar *credit limit* of € 20 million was allocated to support agricultural businesses in the fruit sector (fresh fruit and nuts), which were adversely impacted by the frosts of spring 2021.

To incentivise and support business investments in innovative projects that have a positive impact in terms of *Environmental, Social and Governance* (ESG) issues, in 2021, the Cassa di Risparmio di Asti Group launched a study aimed at creating a *credit limit* to support local businesses active on environmental, social or governance projects.

The initiative aims to contribute to the improvement of the social and entrepreneurial fabric of the territories where the Group operates and to increase awareness of the importance of ESG factors, both within the Group and among customers.

The agreement "Promote Innovation and Development in SMEs", signed in 2017 and promptly renewed between the Banks of the Cassa di Risparmio di Asti Group and the Turin Polytechnic, also continued into 2021. The agreement provides for the proposal of PMInnova services, in collaboration with the prestigious University, for the consultancy and development of technological and organisational innovation projects of micro, small and medium-sized enterprises and for the identification of opportunities for participation in programmes financed by the European Community or by Regional Bodies.

During the course of 2021, the collaboration started with the Innovation Hubs of the Turin Polytechnic in order to structure a cycle of meetings with business customers that will take place during the first quarter of 2022, mainly aimed at illustrating the innovations of the PNRR (National Recovery and Resilience Plan).

During the meetings, the opportunities for subsidised financing for the development of innovation programmes in companies will also be presented, in particular on the digitisation, innovation and competitiveness of the production system, with incentives and tax credits and reduction of employer contributions in favour of companies, as well as investments in construction and civil construction works.

The partnership with the company called Credit Data Research Italia S.r.l. (CDR) continued in 2021, providing additional advisory services to businesses, focusing on company finance and competitiveness. The range of services provided by CDR seeks to encourage and stimulate the investment opportunities of companies, through an extensive and diversified array of tools, including subsidised loans, tax credits, vouchers, non-repayable grants or interest rebates. In order to boost business competitiveness, additional services are offered by the partner, such as the provision of a clear and transparent credit profile for customers, suppliers or business partners and through the issue of certifications for the environment, occupational safety or legislative obligations (e.g. GDPR).

As part of the strengthening and updating of the offer of products and services to businesses, following an in-depth market analysis, in 2020 the Cassa di Risparmio di Asti Group launched the proposal of Minibonds, with particular reference to the so-called "*Short-term bonds*".

In 2021, thanks also to the opportunity to strengthen the instrument with MCC and SACE public guarantees, it was also possible to propose medium-term transactions to companies; in this context, a project called “Pluribond CRAsti” was structured which concerned the proposition to investors of several issues under favourable terms and controlled rates.

The main considerations that prompted the Group to move towards this market were:

- the possibility of offering more forms of access to credit to SMEs;
- modular risk-taking, less constrained by the contingencies of the economic scenario;

- consultancy in the field of alternative and complementary finance which represents a significant added value for SMEs and a strengthening of the relationship for the Group.

The need for fresh liquidity for businesses, resulting from the COVID-19 emergency, which prompted the Cassa di Risparmio di Asti Group to join the "Elite Basket Loan" project in October 2020, launched by ELITE (London Stock Exchange Group) with FISG (Banca Finint) and ADB Corporate Advisory, using innovative tools to inject new liquidity from the banking system into businesses. The tool consists in disbursing 5-year fixed-rate loans to businesses, 90% backed by State guarantees, with a partially digital preliminary credit application process and disbursement of the loan by predefined deadlines.
The "Elite Basket Loan" project concluded in June 2021 with the end of the placement.

Private customer product range

As regards consumer credit, also in 2021 the C.R. Asti Group confirmed its focus on the world of individual and household customers, recording results in terms of disbursements that are in line with the economic context deriving from the persistence of the health crisis.

In continuity with the broader review process initiated by the Group Banks in 2020 of the process of presentation and approval of Erbavoglio loans, in 2021 new functions were released to complete the product evolution objectives, aimed at improving, on the one hand, the customer *user experience* and, on the other hand, to make the entire sales and management process more efficient, including the possibility for the customer to independently upload the required documentation via the Banca Semplice Home internet banking service and for Banks to send the loan approval letter always using the same channel. In addition, with a view to improving disbursement times, a new "*score based*" function has been introduced which enables customers who meet certain creditworthiness requirements to have the requested sums available very quickly.

The Group confirmed its attention to young people, with the Erbavoglio personal loan aimed at young people aged between 18 and 28, to financially support an advanced study course (*master* or *internship*, in Italy or abroad), or to finance the typical present day needs, such as the personal computer or a first car. Furthermore, in order to favour the subscription of remote products via digital signature, young owners of the Banca Semplice Home *internet banking* service were also given the opportunity to apply for the “Erbavoglio 18-28” loan on-line.

The Group also confirmed its offer in the area of Real Estate Credit: during 2021 it remained close to its customers, continuing with disbursements to households with the aim of strengthening the value of the relationship. In the area of mortgage loans to individuals, the Casanova range has been enriched with new offers, in particular the Casanova loan with a fixed instalment with a duration of up to 30 years and the Casanova option for 5 years (possibility for the customer to vary the type of rate, from fixed to variable or vice versa, every 5 years) which was added to the 3 and 10-year options already in place.

Again in 2021, the reporting of customers interested in salary and pension assignment loans continued, in collaboration with Pitagora S.p.A., which belongs to the Cassa di Risparmio di Asti Group. In this regard, in order to meet the needs of customers, some events, called "App days", were organised, in agreement with the commercial partner, during which the product was presented to potentially interested customers.

Starting from 2020, the "Rilancio Decree" (converted with amendments by Italian Law no. 77 of 17 July 2020) introduced new measures on deducting expenses incurred for specific works and made it possible to recover the tax credit through assignment. As regards the planned initiatives, building energy efficiency improvement activities ("Ecobonus") attracted significant interest.

Also with a view to providing tangible support in private and public infrastructure improvements in our geographical area, the Cassa di Risparmio di Asti Group was accredited among the operators, from October 2020, launching the commercial proposal that allows customers (both private and business) to assign their credit and provide financial support to works that ensure accrual of the tax credit. At the same time, intense training activity aimed at the Regional network was launched. During 2021, the commercial proposal continued and the related process was enhanced, allowing the presentation of applications also through collaboration with qualified accountant clients.
The presence in this market will make it possible to consolidate the active relationships and to acquire important relationships both with private customers and with business customers, qualified professionals and owners of real estate assets.

With a view to consolidating its relationship with customers who are Shareholders, the “Progetto Soci della Cassa” project, launched in 2011, was renewed for 2021. The project envisages exclusive services, especially in the healthcare sector, with the opportunity of accessing preventive medicine schemes free of charge, based on specific check-ups and specialist examinations (“health vouchers”).

Agreements continued to be made with new medical centres to further extend the territorial coverage of the offer dedicated to Bank Shareholders. For shareholders with at least 500 shares and for Young Shareholders between 18 and 28 years of age and owning at least 100 shares, a Nexi Credit Card, with contactless technology that can be used all over the world on the international Visa and MasterCard networks, is available free of charge.
Lastly, the service also includes “museum vouchers”, valid for entry into exhibitions located in affiliated Museums and Entities. As an additional benefit for its Shareholders, as of 2020 the Bank offers 12 "full tanks" of electricity per year for electric cars.

The partnership with So.Met Energia S.r.l. and Piemonte Energy S.p.A. continued, which operate primarily in the Piedmont region, to offer a qualified electricity and natural gas supply service to the Group Banks' private and business customers.

The results of 2021 in terms of new utility *switches* were impacted by the global energy crisis, which affected the entire sector in the second half of the year and which is described by several parties as the most serious energy crisis since 1973, the year in which there was a sharp increase in crude oil and its derivatives. The physical scarcity of raw materials and resources, especially methane, has been combined with a steep rise in both electricity and natural gas tariffs.

In order to mitigate the economic impacts of this situation, the Group has made a guaranteed offer available to its customers at a discounted rate for individuals and households, and similarly a dedicated offer for businesses.

Through the "Salutissima" Family Service Card product, offered in collaboration with FAB SMS, specific mutual aid plans are available, structured according to the various needs of customers, which also offer the possibility to access additional services such as, for example, telephone legal advice or a free subscription to the magazine "Focus", and to take advantage of discounted rates to access the sanitation service for home and work environments and vehicle cabins.

With the continuation of the health emergency throughout 2021, significant attention has been focussed on this sector: in support of its Patients, FAB SMS has renewed the allocation of a *credit limit* of € 100,000, dedicated to those who have contracted the COVID-19 virus.

Furthermore, for new subscribers, the C.R. Asti Group, again in collaboration with FAB SMS, offered the possibility of subscribing to a Wellness Programme with the first three monthly fees free, corresponding to the waiting period envisaged for the Programmes themselves. In addition to this initiative, new subscribers and their families have benefitted from the *Upgrade Dental Free* free of charge for six months, which allows them to access unlimited dental services free of charge at participating centres.

New Pitagora S.p.A. products

During 2021, the Company continued with the offer and commercial development of the TFS Advance product launched in the previous year, achieving positive results in terms of growth in turnover.

Then confirming the diversification objectives of the products offered to customers through its sales network, during the year Pitagora started the design of a new product, the Small Loan, as a response to a new commercial and business requirement represented by the possibility of offering customers - subordinate worker with a permanent or fixed-term contract, to whom it is not possible, owing to their characteristics and requirements, to propose already existing products (income-backed loan, payment delegation, personal loan by Younited and TFS Advance) - a new product that allows them to meet their own needs.

The Company also confirmed its partnership with Younited Credit, which started in 2018, for the distribution of personal loans through the IT platform made available by the partner, which allows loan transactions to be finalised completely on-line.

Direct Channels

As part of sales development and customer relations activities, the OnLine Branch is active, using personnel with previous Local Network experience, dedicated to remote business relations with customers.

The COVID-19 pandemic has injected extra vigour into this channel which, in 2021, has made it possible to significantly expand the catalogue of services offered, satisfying the need of both customers and the Group to privilege remote relationships, also in order to safeguard the sanitary conditions in accordance with the regulations in force. The method of customer contact through this channel has evolved with characteristics that make the relationship as close as possible to "in-person" relations at the local branches.

In particular, in 2021, an advisory service and support system for customers was introduced which has made it possible to remotely share documents and users' smartphone screens, to make a video call and to initiate a specific chat from the internet Banking app. The OnLine Branch has also allowed customers who use *internet banking* to chat with Bank personnel even outside working hours, up to 7 pm.

The OnLine Branch provides relationship and contact services, through e-mail, text messages, WhatsApp and phone, to assist customers in:

- purchasing Bank products and services via *internet banking*
- the remote signing of contracts via digital signature.

At the end of 2021, the products and services that could be requested on-line (*end-to-end*) were:

- Personal loans of up to € 15,000;
- Giramondo Debit Cards operating on the Bancomat® Network;
- Carta&Conto, card that can be topped up with an IBAN;
- Nexi Debit, debit card operating on the MasterCard network;
- Nexi Prepaid, prepaid card;
- Credit Card with balance setting;
- activation of the Internet Banking service through video-selfie recognition;
- activation of the BancaPiù service, which allows extensive transactions via a personal Debit Card;
- remote digital signing of contracts to open credit facilities on a current account for sole traders;
- remote digital signing of forms and contracts in general (e.g. to change spending limits for Internet Banking or a card);
- renewal of personal documents, Due Diligence and Residence questionnaire.

The OnLine Branch's objective, in coordination with the various structures of the Cassa di Risparmio di Asti Group, is to gradually expand the catalogue of fully on-line services offered, in order to offer all the main products through said channel.

In 2021, in continuity with the previous year, the *internet banking* and Banca *Self* services increased the number of active users in both the *retail* and *corporate* sectors, bringing the percentage of penetration of *internet banking*, information or payment services to approximately 75% of all current accounts.

2021 also saw the release of the new APP for the Banca Semplice Home and Banca Semplice Info *internet banking* services. The mobile service has been fully upgraded both from a technological point of view and in terms of *layout*, offering a user experience in line with the main market *trends*: an app with an optimised function menu and simplified and intuitive navigation, a customisable *home page* and a completely redefined investment section.

The choice made by the C.R. Asti Group to innovate the mobile service was combined with the data on IHB operations which gradually saw a reversal in the preference for using the mobile channel over the *desktop*.

The commercial initiative with access to *internet banking* services was also proposed in 2021, with the first six months free of charge, extending the benefit also to the service dedicated to *corporate* customers.

Targeted campaigns were also activated for the dissemination of credit cards and debit cards (for the first six months no fees for Giramondo card), both in partnership with Nexi and independently. The persistence of the COVID-19 emergency has ensured that the preference of customers for the use of electronic money has remained high and the Group has taken all necessary steps to make it easier for customers in this area.

The Pago app became available on Android smartPOS for the collection of PagoPA payment notices issued by public administrations and other entities required to use this gateway. In this context, the Group is one of the very few players on the market that provide this service directly on the pos.

From January 2021, the collection service through the PagoPA gateway was made available for public administrations, extended in April to merchant POS devices; finally, in September, the PagoPA service was added to the Bank's institutional website, accessible to customers and non-customers.

In 2021, the *SwatchPay mobile payment* service was also made available, which allowed customers in possession of a compatible *swatch* to enable their Nexi card (credit, prepaid, debit and Carta&Conto) for the *mobile payment* function on POS equipped with *contactless* technology.

Progress was made on the various components of the Giramondo debit cards in order to make them more eco-sustainable:

- contract: dematerialisation in the branch via FEA and on the HB channel with digital signature;

- paper: production of recycled and recyclable PVC paper;
- *card carrier*: dematerialisation of the document with the introduction of a QR Code on the card itself which takes the user back to the page of the site containing the information previously printed on the paper document.

During the course of 2021, approximately 40,000 "green" cards were produced, accounting for 20% of the total in circulation, a percentage that will continue to rise until total replacement according to the natural life of the existing cards.

Foreign sector

2021 has been confirmed as a year of transition characterised by a strong rebound in the global economy which, albeit at different speeds for individual countries, has opened up significant opportunities for international trade. The general improvement in the macroeconomic outlook has resulted in a climate of less general uncertainty.

As regards Italy, an analysis of the first eleven months of the year as a whole, compared to the corresponding period of the previous year, shows that foreign trade recorded an increase in both *exports* (+18.4%) and *imports* (+23.6%). In particular, Italian *exports* in the period January-November 2021 (which touched € 471 billion in absolute value) was higher not only than the *exports* recorded in the same period of 2020 (almost € 398 billion) but also to that of 2019, not affected by the impact of the health emergency, compared to which an increase of +6.3% was observed (source Mise).

With regard to *exports*, the national panorama has witnessed sustained growth in all areas of the country. The biggest positive contributions derive from the large northern regions such as Lombardy, Emilia Romagna, Veneto, Piedmont and Tuscany, which together account for three quarters of the growth in Italian exports in the period. The *export-oriented* commitment of these regions was confirmed by the location, in these areas, of the ten provinces that have contributed most to the growth trend of the country's *exports* in the first nine months of 2021 (source Istat).

Fully aware that exports and Made in Italy have always been an extremely important resource for the Italian economy and that over time have played a prominent role as an accelerator of the growth and development of our business fabric, the Group has adjusted its financial, credit and commercial offer, with a range of products and services capable of satisfying the different customer needs.

In continuity with last year, the presentation of the subsidised instruments of SACE and SIMEST continued, which have been enriched with a wider range of concessions with the aim of helping to consolidate and improve the positioning of business customers on international markets. During the year, information initiatives were also carried out in favour of the commercial network to understand the needs of businesses in order to improve and consolidate their propensity for internationalisation.

Also in 2021, the collaboration with Comark Spa continued for the presentation of the "Development Export" service, aimed at improving the approach to foreign markets and the profitability of commercial investments abroad, through the assistance and advice of professionals available to businesses.

Financial sector

In the economic context influenced by the upsurge in the pandemic, the habits and behavioural dynamics of individuals and the community have changed.
In this complex historical-economic moment, the Group has further focused its attention on enhancing the relationship with the Customer, understood as a direct and lasting personal relationship over time.

Continuing on with the trend of previous years, also in 2021, mutual investment funds and the asset management service have continued to be the main tools used when providing advice to customers, with a view to increasingly greater portfolio risk diversification and, at the same time, the guarantee of a professional risk management.

Customers receive the support of Investment Advisors and Private Bankers and can establish and manage a personalised asset allocation of their portfolios over time, using specifically developed simulation and reporting tools. In 2021, the “Patrimonium” management service, always highly appreciated by customers, was enriched with new lines, augmenting those already available and which enable accumulation strategies to be adopted for bonds and shares, based on schedules defined contractually, to build personalised portfolios.

In line with the investment approach that distinguishes the advisory service and in light of the macroeconomic and market scenario, the subscription of asset management products continued to be successful, through investment strategies characterised by a prudent approach to the financial markets, with the gradual accumulation of the riskier assets.
With this in mind, in 2021, new editions of the management lines of the Trainer range were marketed, products with a gradual approach to the market with different objective risk profiles.

As regards financial and insurance business, proposal of the "Helvetia Multimix" product has continued, a lifetime multi-segment policy that combines the satisfaction of needs for protection and investment growth with welfare, legal and personal tax benefits in the life insurance segment. These are three single-premium insurance solutions, with the option of additional payments, which envisage the investment of the premium in a combination of a traditional insurance component (Segment I) and a unit-linked component (Segment III).

Insurance sector

In 2021, collaboration continued with the leading insurance companies of the Helvetia Group (Helvetia Vita for the savings / investment offer, Helvetia Italia for the Motor and Non-Motor Non-Life part, Helvetia Rappresentanza per l'Italia S.A. for policies related to the Ecobonus) and of the CNP Group for the offer of the life / protection sector.

The insurance sector confirmed the positive development trend already recorded in previous years, reaching a volume of net premiums purchased of around € 76 million, also thanks to the improvement in the product range and development of the welfare segment.

With regard to the subsidiary Pitagora, over the year the Company consolidated its relations with its historic partners, leaders in the insurance sector, to cover its credit risks.
More specifically, Pitagora continued to work in partnership with AXA France Vie S.A., AXA France IARD S.A. and Net Insurance S.p.A., Net Insurance Life S.p.A., MetLife Europe Limited, HDI Assicurazioni S.p.A., Great American International Insurance Limited and Credit Life International and Aviva Italia, partners that specialise in insurance cover and protection from credit risks and/or life insurance cover, mandatory for the salary and pension assignment loans disbursed.
Furthermore, new partnerships were signed with Cardif Assurance, a market leader, Harmonie Mutuelle, Iptiq Life S.A. (Swiss Re Group) and Allianz Global Life.

Communications: advertising and PR

The advertising communication activity of 2021 continued in the first few months of the year, in line with the social and economic situation resulting from the COVID-19 pandemic, with messages regarding the changed offers of services to customers and the new methods of digital payments.

In the months of April and May, a campaign was launched on the Erbavoglio personal loan, which was combined with a competition that gave away a Mavaro Neo Cannondale *e-bike*.
The Cassa di Risparmio di Asti Group committed huge efforts to supporting the vaccination campaign, making its premises available and supporting the creation of vaccination *hubs* in Asti, Biella and Vercelli, in relation to which important awareness-raising and communication activities were carried out.

Continuing with the approach adopted in 2020, an advertising campaign on finance advisory services was launched, using fencing as its cipher, likening this strict sporting discipline to that intrinsic to the Group Banks' management of investments.

The second part of the year saw the start of a new wide-ranging institutional campaign, which will continue in 2022, characterised by the “Choose the quality of our consultancy” *concept*, which allows for the creation of both commercial and institutional messages. The philosophy underlying all the messages is to convey trust in relationships with customers, as the distinctive value of a direct personal relationship.

On the occasion of the Christmas greetings, evidence was provided of support to Caritas Piedmont-Valle d'Aosta, for which part of the resources provided for the

Christmas event dedicated to Banca di Asti shareholders was used which, due to the pandemic, did not take place.

The different advertising messages have been conveyed on each occasion by means of traditional communication tools - printed materials - and innovative ones - which can also be displayed on smartphones, tablets and PCs, and digital signage.

During the year, a recruitment process was carried out for a branch operator, widely disseminated through digital tools, social media and *on-line recruiting* platforms.

Sponsorships

Sponsorships were managed mostly with regard to the sports, local community, cultural and social spheres, prioritising entities, associations, businesses or groups that are already customers; these initiatives are confirmation of the C.R. Asti Group's interest in associating its name to activities that improve the lives of the communities and areas in which it operates, with good image exposure.

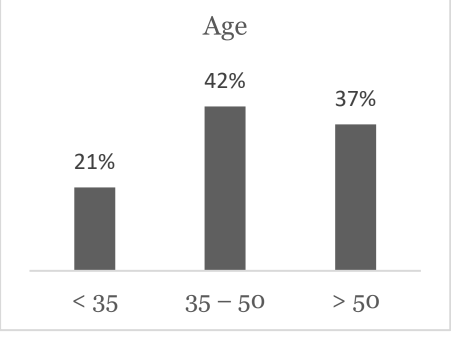
Despite the restrictions deriving from the measures to contain the contagion from COVID-19, initiatives in favour of the sporting sector remained stable, while social and regional sponsorships increased, the first sign of social relations returning to normal.
The presence of company personnel was ensured at the events held in the local area, even if in some cases they took place in a scaled down or alternative way. The most significant include the Douja d'Or, the Magical Christmas village in Asti and the Coco & Marilyn exhibition in Biella.

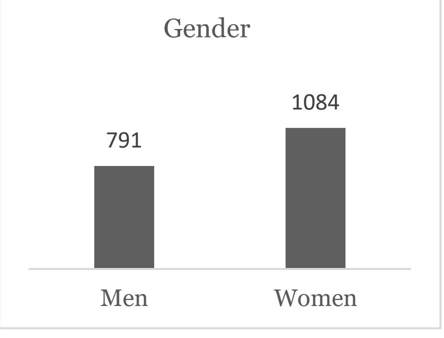
Human resource management

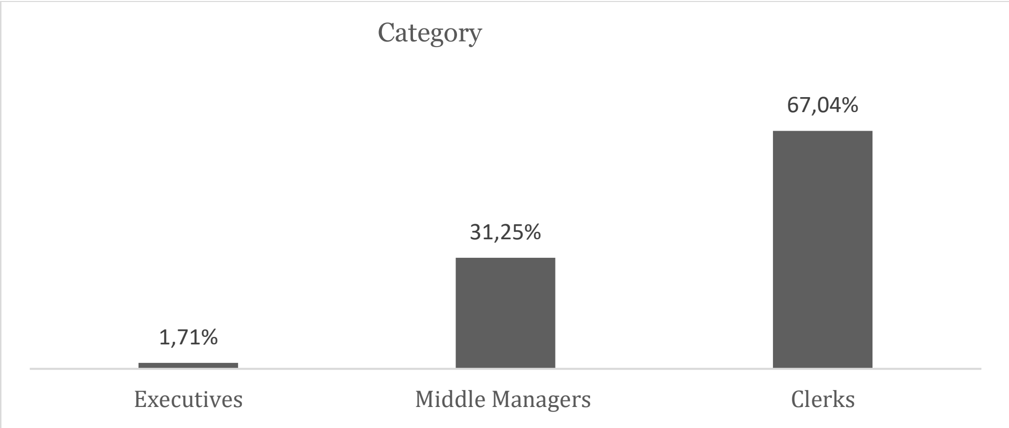
The management of Human Resources in the Cassa di Risparmio di Asti Group aims to enhance the skills of people and to direct the corporate culture in a manner consistent with the Group's objectives, using a resource management system based on the systematic involvement of the Company's various organisational structures.

The gradual refinement of management tools is aimed at encouraging an ever greater focus on motivational tools, communication and propensity for change.

The tables below show the composition of employees based on age, gender, educational qualification and level of qualification.







In support of the dedicated growth paths and professional development of personnel, evaluation systems operated during the year, with a special focus on performance evaluation.

With a proven *trend*, the staff rotation policy continued with the aim of enriching the wealth of experience and skills.

Training activity

The challenges imposed by the market, the level of complexity and professionalism need in the work environment and their continuing evolution, result in a widespread awareness of the central nature and importance of human capital.

Training is an aspect of the highest significance in enhancing individual skills and for steering the business culture in line with tactical and strategic objectives.

During the course of 2021, in consideration of the persistence of the pandemic situation and given the need to persevere in the work of containing the spread of the COVID-19 virus, we continued to provide, as in 2020, training through alternative methods to the “physical” classroom (virtual, multimedia / FAD classroom).

Personnel were therefore able to undertake training in *Smart Learning* mode, directly from their home or on their Organisational Unit's premises, limiting travel, fostering completion of the training updates and reducing the sense of isolation caused by restrictions imposed by the contingent situation.

The training was adapted to the need to contain health risks, focusing on topics linked to regulatory developments, procedural innovations and new business methods resulting from remote relations management, in continuity with the strategies outlined in the 2019-2021 Strategic Plan, which contain the aspects for development as identified by the Group.

In 2021, the Academies dedicated to young people resumed activities, an environment in which to enhance the new generations and their specific skills, concluding the events started in 2020 with the chef Walter Ferretto and inaugurating a new partnership with the Training Meta company on the subject of effective communication.

In addition to the aforementioned Academies, the 2021 Training Plan was structured into the following Subject areas:

- “Management - Behavioural Training” targeted at enhancing the management skills of personnel and relations, included in career paths relating to the role of Director/Deputy Director and Office Manager of the Head Office;
- “Sales Training” with a view to boosting the action of sales structures, empowering and enhancing individual staff members, the managers dedicated to specific segments and product managers;
- “Specialist Training” addressed to encouraging an understanding of activities and an awareness of the role assigned within the company and to looking deeper into certain topics in order to boost the professional/job profile;
- “New Hires Training” aimed at encouraging the insertion of new staff who took up service during the year;
- "Regulatory Training" focused on updating skills with respect to regulatory provisions. During 2021, particular emphasis was placed on training on "Health and Safety at work" dedicated to issues relating to workplace safety and fire prevention regulations; in the credit area, training focused on the New Definition of Default and on the update relating to the AIRB process, while on the subject of anti-money laundering, meetings continued on the due diligence for branch managers and the process on rules and obligations deriving from Directives IV and V which involved Business Managers and Area Managers.

The environment

Social and environmental sustainability are a fundamental requirement for the Group, which through numerous initiatives, has stressed the importance of ESG (*Environmental, Social, Governance*) topics. In this regard, please refer to the content of the Non-Financial Statement.

Development strategy and projects

The year 2021, still marked by the persistence of the state of emergency connected to the pandemic, required greater efforts to be expended not only to ensure continuity of service but also to manage project activities which, in themselves, require a significant degree of cross-company collaboration.
In this regard, the Group companies have also been able to operate remotely, accelerating the use of technologies, to maintain the relationship and involvement in work groups, and continuing the process of innovation and evolution set out in the Strategic Plan.

The application of *agile* methodologies in the operation and management of some projects has determined the gradual and constant release of the results progressively achieved.

A rich programme of initiatives was created which included projects, workshops and complex activities, in which various functions of the Group companies collaborated.

The “2021 portfolio” included as many as 26 projects and 3 workshops. 21 initiatives were completed, while 5 projects continue in 2022, as per the plan (We Finance, AIRB, CRM, Evolution of the planning model, Loan Origination & Monitoring).

As regards the most important initiatives, it is worth mentioning the result achieved with the “Single Bank” project, which had the objective of reviewing the governance and organisational system connected with the new corporate perimeter. The merger of Biverbanca and Banca di Asti completed the process started in 2012 and made it possible to develop and strengthen the bond with people and with the local areas of origin. The merger by incorporation deed was signed on 28 October 2021, with legal effect date at 24:00 on 6 November 2021.

The migration of the information system took place, as planned, on the weekend of 6-7 November 2021 and allowed customers to operate with continuity of service, both with regard to *internet banking* systems and to advisory services and branch operations.

Note should be taken of the results achieved, in terms of operational simplification of internal operational processes through the unification of the operations previously carried out separately for the two banks, as per mandatory requirements, obtaining satisfactory efficiency gains. So the internal *efforts* freed up were promptly directed to other functions with the appropriate *change management* and *on-the-job* training initiatives.

Furthermore, it should be noted that, on this occasion, the contractual conditions governing the employment relationships of employees were harmonised through the signing of a new company agreement with the Trade Unions. In particular, the criteria for calculating the remuneration components, the growth and training paths, the incentive systems, the *benefits* and the corporate *welfare* policies were unified.

In the ESG area, the strategic and evolutionary process was launched through the adoption of the Group policies on sustainability and the identification of the macro areas of the Sustainability Plan. At the same time, the self-assessment in the context of *Climate Change* was carried out with respect to the recommendations of the TCFD (Task force on Climate-related Financial Disclosure) and the process of drafting the Non-Financial Statement was consolidated.

With regard to investment services, regulatory adjustments were made regarding reporting and information *disclosure* as well as the recurring analysis of the law and supervisory regulations.

As part of the projects relating to the issue of *asset quality* and capital, particular importance was attributed to the management of the AIRB project in relation to the internal models validation process. The use of the AIRB Rating System in all phases of credit management is now well-established, with the use of *risk-based* parameters within decision-making processes, in accordance with market *best practices* and in accordance with national and international regulatory requirements.

As regards the commercial projects, note should be taken of the review of the process, from an *End to End* perspective, of the flagship product for Erbavoglio consumer credit. The result obtained is the significant increase in the efficiency of the concession process, aimed at accelerating commercial performances and significantly improving the *user experience* for customers, both in terms of advisory services and subscription times, including the signing procedure. State-of-the-art technologies were used to connect multiple databases to facilitate the analysis of creditworthiness, recognition methods were integrated for on-line subscription and a process for managing multichannel practices was activated through the Online Branch.

In addition to the process and the integrated technological innovations, product upgrades were carried out, positioning the offer according to the best market trends. The overall result was achieved thanks to the diligent and cross-company involvement of all the competent company functions and the technological partner, who collaborated in an *agile* way and with close release sprints.

Important developments were achieved with the 'Cliente Più - Segmentazione comportamentale' (Customer Plus - Behavioural Segmentation) project, which used the most advanced technologies to deepen the knowledge of the individual “Customer” and to identify the relationships between data. The scope of analysis was extended to the entire centralised *repository*, the internal “data lake”, a basin for a large amount of data from internal and external sources, in their native format.

The correlated study of the data makes it possible to identify the specific needs of customers, making it possible to strengthen the relationship increasingly more and offer targeted and advanced advisory services.
The information assets, adequately reworked with internally studied, tested and consolidated algorithms, is now available to the commercial functions, both to evaluate the propensity to buy indices, and to speed up the method and channel of offer proposals.
This experience has also considerably increased the speed of the professional growth of people on the issues of data processing and management, involving both technical-organisational and functional skills.

At the same time, the "Modello evoluto di gestione dei dati" (Evolved data management model) project was carried out for the definition of the target architecture and the methodological framework necessary for management and related use. The system is thus configured with a solid architecture and robust operational processes. In this regard, a summary system has been created that allows monitoring and *reporting*. The project has contributed to the evolution of the corporate culture in the use of data, in the research and in the in-depth analysis of the same.

With the project, “Nuova Intranet aziendale" (New corporate Intranet), the architecture of the platform was functionally and technologically redesigned in order to create an advanced and digital internal communication system. Sharepoint technology, widely used worldwide to manage and share contents, was adopted for the development. The technological leap on a modern and market-leading solution has brought with it the value of scalability and adaptability to the needs of a dynamic and constantly evolving company.

The alignment with market standards as regards the authentication methods and the supporting infrastructure should also be pointed out. From a functional point of view, the result of being able to now have more effective, safe and high-performing *document management* processes, capable of encouraging collaboration and *teamwork*, should be highlighted.

With the aim of increasing the possibilities offered to Customers to be able to sign contracts at any time and in places even outside the Branch, the project “Firma documenti on line con innesco da Filiale” (Signing documents on-line with initiation by the Branch) was taken on. The initiative made it possible to sign documents and contracts remotely. The initiation of the documentary process can be carried out by operators of the Territorial Network or by the On-line Branch; the Customer can use either the paper signature or the advanced electronic signature or the digital signature.

In continuity with the objectives, the experiments carried out in the three workshops continued, focused respectively on: Technologies, Quality and New Branch New Network. The initiatives undertaken had the common goal of selecting, testing and scaling new technological and organisational solutions capable of facilitating and innovating ways of relating to customers, simplifying the marketing of products and services, optimising processes and internal procedures.

The workshop environment has significantly contributed to freeing up the creative and innovative potential present in the Group, also thanks to the possibility of conducting experimental phases, which tend to be free from constraints. Making ready to business the value processes conceived within the workshops, is the tangible result that testifies to the participation and the huge creative commitment.

Specifically, the best data analysis technologies were tested, selected and adopted in the Technologies Workshop and subsequently used in numerous projects such as "*Customer Plus - Behavioural Segmentation*" and "*Evolved Data Management Model*". Some pilot branches and the OnLine Branch were included in the trials to enable a multi-channel approach. The first campaigns carried out confirmed that predictive algorithms offer increasingly relevant results as "recycles" increase; the Territorial Network appreciated the potential of the tool and the potential of the multi-channel approach.

The chatbot technology was tested within the Quality Workshop. The operating environment was created, the artificial intelligence was customised and a pilot process was activated. The results achieved, adequately measured and assessed both in terms of operating efficiency and increasing the quality of the service, were satisfactory and will be carried over for subsequent future developments.

The New Branch New Network Workshop has aimed at identifying organisational solutions that allow the reduction of the management costs of the smaller branches, historically present in the area, together with the commitment to maintain the "in-person" service for customers.

The result was achieved through the creation of an operating model that provides for the opening every other day by a single branch staff member. Customers can therefore benefit from the service and advice in both locations, based on the opening calendar. To allow interoperability on the two sites, relations were migrated and operational processes and control points were defined for monitoring operational risks.

Also in the regulatory field, some important projects were implemented, including the “New Definition of *Default*”, which allowed the Group to adapt to the new and more restrictive criteria for the definition of loans in a state of default. An important and in-depth review of the operational processes for the management and monitoring of performing and non-performing loans was carried out, addressing issues such as the propagation of the *default* state, the minimum period of classification in the state of default and the assessments to be carried out for the reclassification as 'performing'.

The “Calendar Provisioning” project achieved the result of adapting to the European rules regarding the reduction of *non-performing* exposures through a gradual prudential provisioning plan.

The calendar mechanism provides for the full write-down of impaired loans according to pre-established deadlines with the aim of defining a homogeneous calendar for the valuation of non-performing loans, differentiating the approach for secured and unsecured positions. From a reporting point of view, the Calendar Provisioning has already been applied since June 2021.

In the Loan Origination and Monitoring area, the new EBA guidelines have established more specific criteria and methods to be followed both in the loan granting and monitoring phase and, consequently, have led to the need for further evolution in the granting and management of credit.
The first operational effective date for compliance with the guidelines was 30 June 2021 and concerned new loans granted to customers; on 30 June 2022, applicability will also be extended to existing loans.

With the "Loan Origination and Monitoring" project, the strategic planning and credit granting processes and monitoring models, both at counterparty and portfolio level, were progressively aligned to the EBA principles, as part of an increasingly predictive approach to identify the first signs of credit deterioration and to encourage the activation of the appropriate recovery actions.

Finally, with the aim of aligning itself with market *best practices*, the Group has developed and adopted an internal control framework based on administrative-accounting processes, with the aim of guaranteeing *risk-based* monitoring of processes with significant impacts on the financial information. As part of the project, a specific organisational unit was established which, already in 2021, concluded the first cycle of checks on the entire perimeter of the so-called "key" controls, aimed at avoiding incorrect representations in financial disclosures.

The internal control system

In line with Supervisory provisions, the Internal Control System is comprised by a set of rules, processes, procedures, organisational structures and resources, which seek to ensure, while observing the principles of sound and prudent management, that the following objectives are reached:

- verifying the implementation of company strategies and policies;
- containing risk within the limits established by the Group;
- the effectiveness and efficiency of company processes;
- safeguarding the value of assets and protecting from losses;
- reliability and safety of company information and of IT procedures;
- preventing the risk that the Group is involved in illegal activities;
- the compliance of operations with the law, Supervisory regulations as well as policies, regulations and internal procedures.

The Internal Control System is an integral part of the Group's core business and all company structures are committed, with regard to their specific scope of responsibility and the tasks assigned to each of them, to conducting controls on the processes and operating activities they are responsible for. The system envisages three levels of controls:

- first-level controls, to ensure that the operations performed by the same operating structures or assigned to back-office structures are conducted correctly, and incorporated into IT procedures as far as possible;
- risk and compliance controls, entrusted to structures other than production, they ensure that the risk management process has been correctly implemented, check the consistency of the operations of individual areas with the risk objectives, verify compliance with the delegations awarded and verify the compliance of company operations with the law and regulations;
- internal audit, whose purpose is to identity irregularities, infringements of procedures and of regulations, as well as to assess the overall functioning of the Internal Control System. The activity, entrusted to independent non-production structures, is performed on a continuous basis, periodically or by exceptions, also through on-site audits.

First-level controls are performed directly by the operating structures, which are primarily responsible for the risk management process: during daily operations, these structures must manage the risks resulting from ordinary business activities; they must comply with the operating limits assigned to them consistent with the risk objectives and with the procedures that the risk management process breaks down into. Specific audits are also conducted in this regard, by specialist structures of the head office (mostly back office), with a view to improving the effectiveness of the control oversight mechanisms of company processes.

Risk and compliance controls (second level) are assigned to the *Risk Management* and *Compliance* Functions respectively.

The *Risk Management* Function is tasked with continuously verifying the adequacy of the risk management process, the measurement and integrated control of the main types of risk and the consequent capital adequacy.

The Function contributes to defining and implementing the *Risk Appetite Framework* (RAF) and the relative risk governance policies, verifies compliance with the limits assigned to the various operating functions and checks the consistency of the operations of the individual production areas with the risk objectives established. The Function is also responsible for measuring and assessing risk with a view to calculate the overall internal capital (Internal Capital Adequacy Assessment Process, ICAAP) envisaged by Prudential Supervision Regulations.

The *Compliance* Function ensures the oversight and the management of activities related to the risk of non-compliance with the law, meaning the risk of incurring judicial or administrative sanctions, relevant financial losses or reputational damage due to infringements of mandatory (legislative or regulatory) provisions, or those relating to self-regulation (articles of associations, codes of conduct, codes of self-governance, regulations, policies). To this end, the Function identifies, assesses and manages the risk of legislative or regulatory infringements and ensures that the internal processes and procedures are consistent with the objective of preventing the infringement of external regulatory and self-regulatory provisions.

With regard to investment services, the same Function is tasked with regularly checking and assessing the adequacy and the effectiveness of the oversight mechanisms adopted for the provision of these services.

The Internal Audit Function (third level) adopts a systematic approach, to verify the regularity of operations and the risk trend, as well as to periodically assess the completeness, the adequacy, the functioning and the reliability of the overall Internal Control System.

The Internal Audit Function is also tasked with periodic audits on the adequacy and the effectiveness of the second level Company Control Functions, on the effectiveness of the process to define the *Risk Appetite Framework* (RAF), on the internal consistency of the overall mechanism, and the compliance of company operations with the RAF, on the adequacy of the *Internal Capital Adequacy Assessment Process* (ICAAP) and on the compliance of remuneration and incentive practices with the legislation in force and the policies adopted by the Group.

The Company Control Functions also include the Anti-Money Laundering Function established by the Bank of Italy, through implementing provisions on the organisation, procedures and internal controls to prevent the use of intermediaries and of other parties that conduct financial activities for the purpose of money laundering or terrorist financing, pursuant to Italian Legislative Decree no. 231 of 21 November 2007.

The Company Control Functions also include the Validation Function, which is tasked with continuously checking the compliance of the Internal Rating System

(IRB) and the adequacy of the methods used by the Group to manage and measure risk.

The Risk Management, Compliance and Anti-Money Laundering Functions of the subsidiary company Pitagora S.p.A. have been centralised in the Parent Company.

In addition to the Company Control Functions, the following Bodies envisaged by the Articles of Association or by Legislative provisions are also in place: Risk Committee, Committee for Related Parties and Remuneration Policies, Board of Statutory Auditors, Supervisory Body pursuant to Italian Legislative Decree 231/2001 and Independent Auditors.

Furthermore, with a view to implementing and promoting a culture of legality, adopting appropriate measures to keep the company reputation intact with benefits in terms of reducing losses from potential damage, improving the working environment and promoting the corporate image, the Whistleblowing System is in place throughout the organisational structure.

Any illegal conduct (meaning an action or an omission) that emerges in the performance of a working activity, which could be damaging or detrimental for the Bank or for its employees as directed towards infringing the legislative provisions governing banking activity, may be reported.

Within the Internal Control System, provision is made for communication flows, on a continuing basis, between the Company Control Functions and the Corporate Bodies, relating, in particular, to the results of control activities and the identification of remedial actions.

The sharing of useful information for planning and, more generally, the coordination of activities between the different Control Functions takes place (in addition to the Group and company coordinating bodies envisaged by internal regulations) at a specific "Inter-functional ICS Coordination Group" envisaged by the Group Regulation on the Internal Control System.

With regard to the Internal Control System, in its management and coordination capacity, the Parent Company exercises:

- strategic control over the development of the various business areas in which the Group operates and of the risks associated with the same;
- management control to ensure a balanced economic, financial and capital situation for individual Group companies and for the Group as a whole;
- technical-operational control to assess the various risk profiles of the individual Subsidiaries and of the overall risks of the Group.

During the year 2021, the health emergency linked to the COVID-19 pandemic continued, resulting in the need to organise the activities of the Control Functions both with the use of the *smart working* tool and by limiting access by personnel to the structures subject to audit.

The methods for conducting branch audits by the Internal Audit Function, in the most critical periods, gave preference to the acquisition of all data necessary for the controls via IT-based solutions, significantly restricting direct access to the structure being audited.

Similar work reorganisations were carried out by other Company Control Functions with the aim of regular continuity of the activities envisaged in the respective plans.

Main risk factors relating to the Group and the sector it operates in

The Group is exposed to the risks of the banking and financial sector, the main ones of which are credit, market, liquidity, operational and IT risk. In line with that provided for in the Group's policy documents, maintaining high standards in terms of monitoring, measuring and managing relevant company risks is considered strategic.

Just as in the past, in 2021, efforts continued to ensure the continuous development of the internal control system, with a view to pursuing the increasing integration and effectiveness of oversight mechanisms with regard to the different risk categories.

Credit risk

In line with regional commercial nature of the Group, the credit policies are oriented towards supporting the local economies, households, business owners, professionals and SMEs.
The Group's credit policy is therefore targeted at creating a stable relationship with the customer, managed from a long-term perspective, with a view to providing continuity over time to relations with counterparties, in order to understand their strategic decisions and their key economic and financial factors, prioritising credit risk protection over increasing asset volumes.
Credit therefore represents the most significant component of the Group's business and credit risk is the most significant source of risk for its business.

Credit risk represents the potential loss resulting from changes in the customers' income generating capacity and equity situation, that occur after the disbursement of the loans, such that the customer cannot promptly fulfil its contractual obligations. Indications of credit risk are not only insolvency, but also the deterioration of creditworthiness.

When granting loans, the Group's guidelines, retained fundamental for the correct management of its loans portfolio, are based on the fragmentation of the risk among a multitude of parties (private and corporate customers) operating in different sectors of economic activity and in different market segments and the consistency of each credit facility to the creditworthiness of the customer, and the type of transaction, taking into account collateral guarantees that may be acquired.

To mitigate credit risk, during the credit facility granting process, guarantees are required, the effectiveness of which is checked periodically.
Using specific structures, procedures and tools to manage and control credit risk, the Group constantly monitors the development of doubtful exposures - considered as a whole or as individual components - and the percentage they represent of the total cash loans disbursed and signature loans granted.

Counterparty risk is the risk that the counterparty to a transaction relating to specific financial instruments defaults before the transaction is settled. This is a type of risk that generates a loss if the transactions set in place have a positive value at the time the counterparty becomes insolvent.

The main source of counterparty risk is related to derivatives stipulated by the Group exclusively with institutional counterparties to hedge interest rate risk. In this regard, a form of mitigation of counterparty risk is represented by *Credit Support Annex* contracts, stipulated with counterparties, which entail setting up guarantees to cover the existing credit.

For further information on the credit risk of the Group and the relative management policies, please refer to the Notes to the consolidated financial statements, Part E.

Market risk

The main components of market risk are interest rate risk and price risk on the owned banking book and the trading book and exchange rate risk. Market risks represent, therefore, a central component of the broader economic risk, or the risk linked to the possibility that the profit generated will differ from shareholder and management expectations.

The Group has adopted strategies, procedures and systems to manage and control market risk.
Pure trading activities and consequently the trading book are marginal in terms of the construction and management of the Group’s owned portfolio.

The Group operations on the markets regarding financial instruments and foreign currencies are traditionally characterised by the utmost prudence and, therefore, the risk exposure generated by the same is usually limited.

Exchange rate risk represents the risk of incurring losses due to adverse changes in the prices of foreign currencies on all of the positions held by the Group, regardless of the portfolio they are allocated to. The Group is marginally exposed to exchange rate risk as a result of its limited trading activities in the currency markets and its investment and fundraising activities with instruments denominated in a currency other than the Euro.

Hedging of exchange rate risk tends towards minimising currency exposure by entering into agreements with credit counterparties intended to hedge the positions at risk. For information on the market risk of the Group and the relative management policies, please refer to the Notes to the consolidated financial statements, Part E.

Liquidity risk

Liquidity risk is the risk that the Group is not able to meet its obligations at the time of redemption and covers the possibility that the enterprise cannot maintain its payment commitments, due to the inability to raise new funds (*funding liquidity risk*) and/or the inability to liquidate assets on the market (*market liquidity risk*) due to the existence of limits to their disposal.

Liquidity risk also encompasses the risk of meeting payment commitments at higher than market costs, namely incurring a higher cost of funding and/or incurring capital losses in the case of asset disposals.
The proper management and adequate monitoring of company liquidity also involves processes, instruments and methodologies that embrace distinct areas represented by operating liquidity, structural liquidity and strategic liquidity.

The Group has adopted tools and procedures to ensure effective and active liquidity management and the systematic control of the liquidity position and of the management of the owned portfolio. The Group has also adopted specific "Group Liquidity Policies" with a view to establishing the principles and guidelines for the efficient and effective management of its liquidity, in order to comply with Supervisory and internal regulations and to comply with the regulatory limitations envisaged by Supervisory Regulations.

For information on Group liquidity risk and on the relative management and control tools, please refer to the Notes to the consolidated financial statements, Part E.

Operational risk

Operational risk is the risk of suffering from losses deriving from inadequacies, malfunctioning or gaps in internal processes, in human resources, in systems or due to external events. This risk encompasses "legal risk" (risk resulting from infringements or from failure to comply with laws or regulations, or poor transparency as regards the legal rights and duties of the counterparties to a transaction) and "conduct risk" (risk of losses due to the inappropriate offer of financial services and the related legal costs, including cases of conduct that are intentionally inadequate or negligent).

The areas of operational risk include customers, products and
operating practices, external fraud, the performance and management of processes, employment contracts and occupational safety, damages to material goods and internal fraud. The entire organisational structure is exposed to operational risk and the functions responsible for processes and/or the company operating units are tasked with managing this risk.

The Internal Control System constitutes a fundamental element of the overall Group Company governance system. Its objective is to guarantee that company operations are inspired by principles of sound and prudent management and that they are aligned with approved strategies, the policies adopted and the risk appetite.

The awareness of the importance of an efficient Internal Control System in terms of safeguarding the value of the business and in safeguarding its reputation is conveyed within the Group by plans, decisions and action aimed at spreading a "risk culture" and at strengthening the control system.

Group companies have adopted tools and procedures to keep operational risk under control and, periodically, collect, analyse and statistically process the historic loss data recorded internally. One tool used to mitigate operational risk is represented by the Business Continuity Plan, which envisages a series of initiatives to reduce the damages caused by accidents and disasters that directly or indirectly affect Group Companies to an acceptable level, and by the *Disaster Recovery* Plan, which establishes the technical and organisational measures needed to handle events which could lead to the unavailability of data processing centres. Lastly, another tool used to mitigate operational risk is represented by the insurance cover set in place by Group Companies with leading insurance companies.

The Prevention and Protection Department, in compliance with provisions in force, monitors health and safety conditions in the workplace, implementing, if necessary, the appropriate improvement measures.

The *Data Governance* with which the Bank intends to pursue the protection of its information assets is part of the Risk Governance System framework.

Data Quality is incorporated in this context, whose objective is to maintain an adequate level of accuracy, completeness, timeliness of the data, through the supervision of the following characteristic processes: the design of control systems, the periodic operation of this system and the relative detection of anomalies, the *contingency* and structural removal of the anomalies detected, the monitoring of the quality of the data and the main related phenomena.

IT risk

Closely related to operational risk, IT risk represents the risk of incurring economic losses, reputational damage and the loss of market share relating to the use of information and communications technology.

The IT system (including technological resources - hardware, software, data, electronic documents - and human resources dedicated to their administration) represents a very important tool to achieve strategic and operating objectives, given the critical nature of the business processes that depend on it. In fact:

- from a strategic perspective, a safe and efficient IT system, based on a flexible, resilient architecture, integrated at group level, enables the opportunities offered by technology to be exploited to extend and improve products and services for customers, increase the quality of work processes, encourage a paperless approach, reduce costs also by creating virtual banking services;
- with a view to sound and prudent management, the IT system enables management to obtain detailed, relevant and updated information to make informed and rapid decisions and to properly implement the risk management process;
- with regard to limiting operational risk, the regular performance of internal processes and of the services provided to customers, the integrity, confidentiality and availability of the information processed, relay on the functioning of automated processes and controls;
- as regards compliance, the IT system is tasked with recording, storing and correctly representing operating events and events that are relevant for the purposes envisaged by the law and by internal and external regulations.

For further information on the operational and IT risks of the Group and on the relative management policies, please refer to the Notes to the consolidated financial statements, Part E.

Emerging risks

Over the coming years, the Group will add its evaluations and analyses - and consequently its *disclosure* - relating to the impact generated and suffered in terms of *Climate Change*, also based on changes in the relevant legislation and *best practices, with specific reference to the guidelines of the European Commission. To this end, note that, at the same time as the project activities that envisage the development of topics related to Climate Risk* and *ESG*, as part of its "Credit Policies", the Group intends to conduct a specific assessment of financing to companies that use technologies or produce waste or emissions which have been confirmed or are strongly feared to be harmful to public health and/or the natural environment.

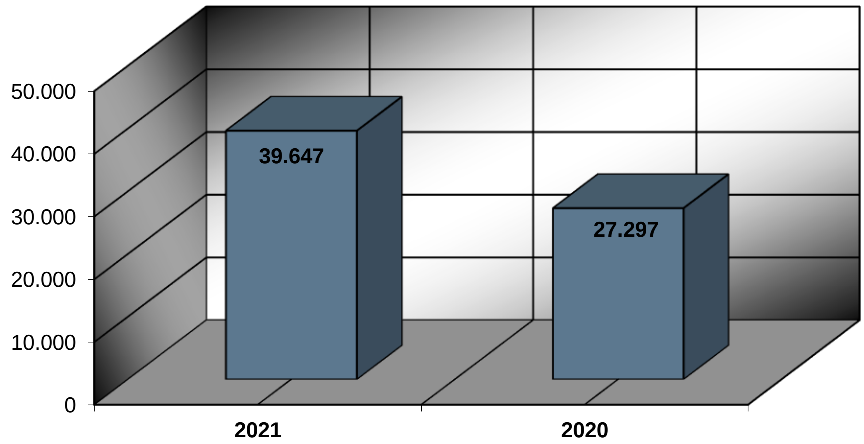
Consolidated non-financial statement

The Consolidated Non-Financial Statement of Cassa di Risparmio di Asti Group, drawn up pursuant to Italian Legislative Decree 254/16, is a separate report with respect to this Report on Operations, as envisaged by Article 5, paragraph 3, letter *b*) of Italian Legislative Decree 254/16, and is available on the website at www.bancadiasti.it in the *Sustainability* section.

Income trends

In a market context that is still affected by the negative effects associated with the COVID-19 pandemic, the Group ended the year 2021 on a positive note, achieving a consolidated net profit of approximately € 39.6 million, an increase compared to the profit realised last year (€ +12.3 million, +45.24%).

NET PROFIT
(€/thousand)



The diversification of sources of income, risk oversight, the strategy to manage non-performing loans, the focus on operating efficiency and project management, enabled the Group to achieve a better economic result in 2021, and, at the same time, to consolidate and reinforce the Group's fundamental principles, therefore laying solid foundations for continuing to create value for its shareholders in the future as well, and, more generally speaking, to meet the needs and the expectations of all stakeholders, reciprocating the trust that they place in us every day.

Excluding non-recurring income items relating to losses on the extraordinary assignments of NPLs and to extraordinary contributions to the SRF (*Single Resolution Fund* - National Resolution Fund), the net profit would have amounted to € 52.9 million (+23.37% compared to 2020, recalculated using the same criteria).

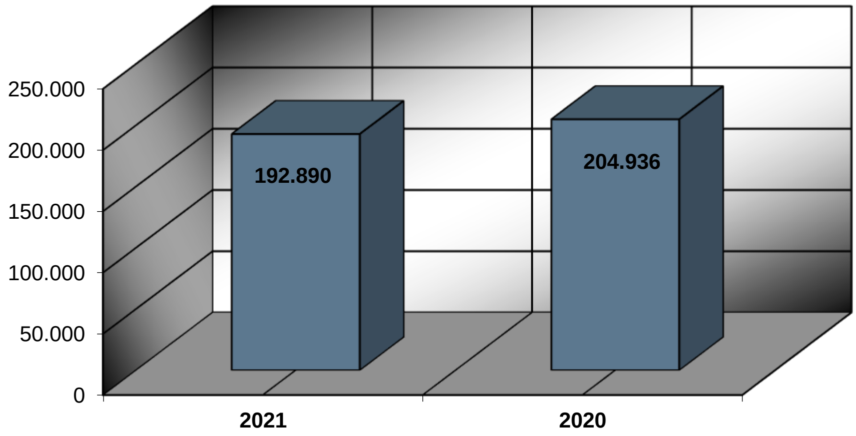
The results achieved confirm the Group's ability to identify effective strategic lines and actually achieve them as well as the strong capacity for resilience and adaptation to the changed and severe economic context.

The analyses of income trends, illustrated below, refer to the Consolidated Income Statement, reclassified according to operating criteria, with a view to highlighting, by examining interim results, the subsequent levels of formation of the final economic result.

For the reconciliation between the reclassified financial statements and the statutory accounts, please refer to the schedules shown in the "Annexes" section, while for more in-depth information, please refer to the schedules shown in the various sections of "Part C - Information on the Income Statement" in the Notes to the Consolidated financial statements.

Operating interest margin The interest margin stood at € 192.9 million, down compared to the 2020 figure (€ -12.0 million, -5.88%), essentially due to the trend in interest rates.

NET INTEREST MARGIN
(€/thousand)



NET INTEREST MARGIN	2021 (€/thousand)	2020 (€/thousand)	% change
Interest income and similar revenues	266,597	280,434	-4.93%
Interest expense and similar charges	-73,707	-75,498	-2.37%
Net interest margin	**192,890**	**204,936**	**-5.88%**

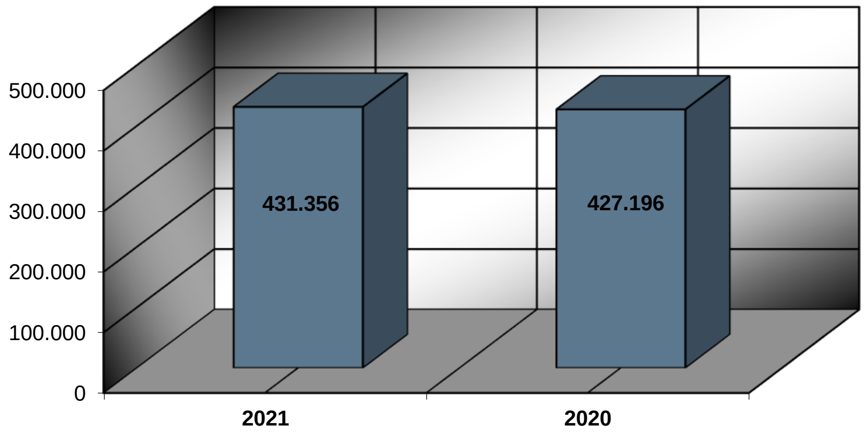
Gross banking income The gross banking income amounted to around € 431.4 million, compared to € 427.2 million in 2020 (+0.97%), and included:

- net fees and commissions achieved by the Group's commercial banks for € 131.0 million (+10.67% yoy);
- the positive net result from financial assets and liabilities for € 135.6 million, includes both the profit (loss) from transactions in financial instruments (amounting to € 53.6 million), and the measurement of financial liabilities designated at fair value, as well as gains from the assignment of loans to third parties by the subsidiary Pitagora (€ 82.0 million);
- the changes, amounting to € -41.9 million relating to the treatment of fees and commissions of the subsidiary Pitagora, deriving from the consolidated accounting classification methods for the salary and pension assignment loan product in relation to intercompany sales.

GROSS BANKING INCOME	2021 (€/thousand)	2020 (€/thousand)	% change
Net interest margin	192,890	204,936	-5.88%
Net fees and commissions	89,097	84,933	4.90%
- management, brokerage and consulting	*65,610*	*54,533*	*20.31%*
- collection and payment services	*20,547*	*19,185*	*7.10%*
- loans and guarantees	*1,977*	*2,238*	*-11.66%*
- management of current accounts and deposits	*29,494*	*26,818*	*9.98%*
- other services	*-28,531*	*-17,841*	*59.92%*
Dividends and similar income	10,425	12,058	-13.54%
Other operating income (expenses)	3,338	276	n.c.
Results of other financial assets and liabilities	135,606	124,993	8.49%
Gross banking income	**431,356**	**427,196**	**0.97%**

Net fees and commission income amounted to € 89.1 million, up by 4.90% compared to 2020. Focusing the scope of analysis on the Group's Bank, net fees and commission income would instead have recorded an increase of 10.67% compared to 2020.
In particular, the net fees and commission income of the management, brokerage and financial and insurance consulting segment totalled € 65.6 million, up by 20.31% on 2020.
In relation to other net fees and commissions, the revenues from collection and payment services amounted to € 20.5 million, an increase compared to 2020 (+7.10%), and those received for current accounts and deposits management, which increased considerably from the previous year (+9.98%) to € 29.5 million. Fees and commissions relating to other services amounted to € -28.5 million and mainly consisted, for the Group, of fees and commissions relating to credit transactions and increased compared to 31 December 2020 (+59.92%); with reference to the subsidiary Pitagora, the increase is mainly due to the application of the new company *policies* introduced starting from 2020, which provide for "full TAN" contracts and for the "reversals" of fees and commission income re-discounted in previous years that gradually reduce.
The dividends on the Group's equity investments amounted to around € 10.4 million (-13.54%) and are mainly related to the investments held in the Bank of Italy.
Other operating expenses and income amounted to € 3.3 million and increased compared to the figure as at 31 December 2021, also due to donations, equal to € 1.2 million, made by the Group in 2020 to support the local health system and social projects during the COVID-19 emergency.

GROSS BANKING INCOME
(€/thousand)



Net banking income

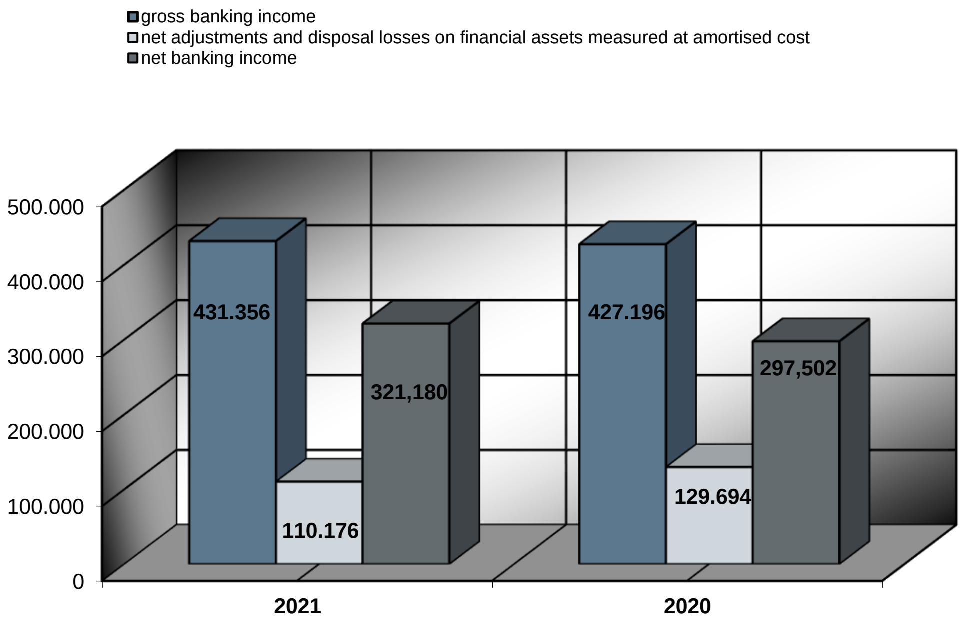
Net banking income was also positive, net of losses on disposal, value adjustments on financial assets measured at amortised cost and losses from contractual changes without derecognition, which amounted to € 321.2 million, an increase of € 23.7 million (+7.96%) compared to the previous year.

Losses resulting from the disposal of financial assets measured at amortised cost totalled € 18,1 million and related almost entirely to derisking operations conducted during the year in line with the Group NPL Strategy.

The net adjustments to customer loans, totalling € 92.2 million compared to € 108.7 million in 2020, fell by 15.19% and led to a cost of credit, excluding losses on disposals, of 1.24% of gross loans to customers compared to a value of 1.49% recorded as at 31 December 2020.

This trend is linked to prudent provision allocation policies, which in forward-looking terms include the expected economic impact of future NPL derisking transactions and the impact of the persisting health emergency that arose in 2020.

NET BANKING INCOME	2021 (€/thousand)	2020 (€/thousand)	% change
Gross banking income	431,356	427,196	0.97%
Gains (Losses) on disposal of financial assets measured at amortised cost	-18,135	-21,793	-16.79%
Net adjustments for credit risk on financial assets measured at amortised cost	-91,678	-107,615	-14.81%
- of which: net adjustments on customer loans	*-91,668*	*-108,673*	*-15.65%*
Profits/losses from contractual changes without derecognition	*-363*	*-286*	n.c.
Net banking income	**321,180**	**297,502**	**7.96%**



Profit before tax from continuing operations

The profit before tax from continuing operations for 2021 amounted to € 56.6 million, an increase of 41.94% compared to the previous year.

Operating costs amounted to € 250.3 million, an increase of 3.41% compared to 2020.
Personnel expenses, which represent approximately 52.69% of total operating costs, amounted to € 131.9 million, an increase of 4.29% compared to the corresponding figure for 2020 which benefited from the contributions received and the extraordinary savings achieved in relation to the spread of the pandemic. The component relating to other administrative expenses, net of the contributions to the National Resolution Fund SRF (Single Resolution Fund) and DGS (Deposit Guarantee Scheme) (which amounted to € 13.6 million), amounted to € 81.7 million, marking an increase of 1.50% compared to 2020, mainly attributable to the extraordinary costs connected with the merger by incorporation of Biverbanca.

The governance of the trend of operating expenses reflects the Group's strategic guidelines, geared towards increasing efficiency and, at the same time, investing in commercial development, human capital, modernisation and digitisation of customer services and work processes, through a series of projects whose aim is to effectively pursue its medium-long term objectives, in accordance with the company values.
In 2021, research and development costs were not included under intangible assets and in the same year, no tax credit was recognised or generated with regard to research and development costs.

The depreciation of property, plant and equipment, and amortisation of intangible assets came to € 23.1 million, slightly down against last year (-3.04%).

The net allocations to liability provisions include allocations relating to complaints, disputes or reimbursement claims of around € 1.8 million, of which roughly € 0.4 million for out-of-court claims associated with the application of guarantee and indemnity clauses as part of the securitisation transaction with GACS of the loans classified as bad loans known as "Pop NPLs 2019", finalised in 2019.

The net allocations for the year attributable to the subsidiary Pitagora refer mainly to:

- potential future expenses for € 667 thousand, resulting from the adjustment of the provision and the non-recharge to agents, relating to commission expenses calculated pro-rata temporis, acknowledged to customers in the event of the early termination of loans disbursed before June 2016, and not recharged to agents, in line with the policy adopted by the Company;
- potential future expenses referring to reimbursements of price spreads between the discount rate and the rate applied to customers due to loan transferee companies following early termination for € 18.224 thousand;
- potential future expenses relating to collection expenses charged by INPS, equal to € 645 thousand;
- potential future expenses for potential future complaints from customers; in 2021, said item also included the complaints received in relation to compensation to customers following early terminations which took place before the guidelines of the Bank of Italy of 4 December 2020, and which determined a net allocation to the Income Statement of € 1,318 thousand;
- the agents' leaving indemnities (FIRR) for € 174 thousand;
- other potential future expenses, including those relating to legal proceedings pending, which determined a net use of € 45 thousand.

The Group's *Cost/Income* ratio, the key indicator of industrial efficiency, stood at 58.02% (56.65% as at 31 December 2020). Its operational value, recalculated to exclude extraordinary expenses associated with SRF and IDPF contributions, was 57.65%, confirming the high degree of efficiency and productivity of the Group, also in consideration of expenses linked to the development strategies designed to achieve medium/long-term targets.

PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	2021 (€/thousand)	2020 (€/thousand)	% change
Net banking income	321,180	297,502	7.96%
Operating costs	-250,259	-242,013	3.41%
- personnel expenses	-131,869	-126,450	4.29%
- personnel expenses	-131,890	-126,471	4.28%
- allocations to the Solidarity Fund	21	21	0.00%
- other administrative expenses	*-95,266*	*-91,714*	*3.87%*
- other administrative expenses	*-81,667*	*-80,457*	*1.50%*
- contribution to SRF and DGS	*-13,599*	*-11,257*	*-20.80%*
- net adjustments on property, plant and equipment and intangible assets	*-23,124*	*-23,849*	*-3.04%*
Net provisions for risks and charges	-13,876	-15,124	-8,25%
Gains (losses) on equity investments	0	-500	n.c.
Gains (losses) on disposal of investments	-449	9	n.c.
Profit (loss) from continuing operations	**56,596**	**39,874**	**41.94%**

OTHER ADMINISTRATIVE EXPENSES	2021 (€/thousand)	2020 (€/thousand)	% change
IT expenses	-31,965	-29,323	9.01%
Property expenses	-10,718	-10,738	-0.18%
General expenses	-26,203	-22,419	16.88%
of which: - securitisation costs	*-2,873*	*-1,943*	*47.86%*
- contribution to National Resolution Fund and IDPF	*-13,599*	*-11,258*	*20.79%*
Professional and insurance expenses	-16,363	-18,398	-11.06%
Utilities	-3,681	-3,689	-0.22%
Promotional, advertising and marketing expenses	-3,872	-4,445	-12.89%
Indirect taxes and duties	-2,464	-2,702	-8.81%
Other administrative expenses	**-95,266**	**-91,714**	**3.87%**

These types of expenses are shown net of the relative recoveries

Taxes and net profit

The net profit of the Group was € 39.6 million, an increase of € 12.3 million compared to the 2020 result, and included € 34.5 million in profit pertaining to the Parent Company and around € 5.1 million in profit pertaining to minority interests.

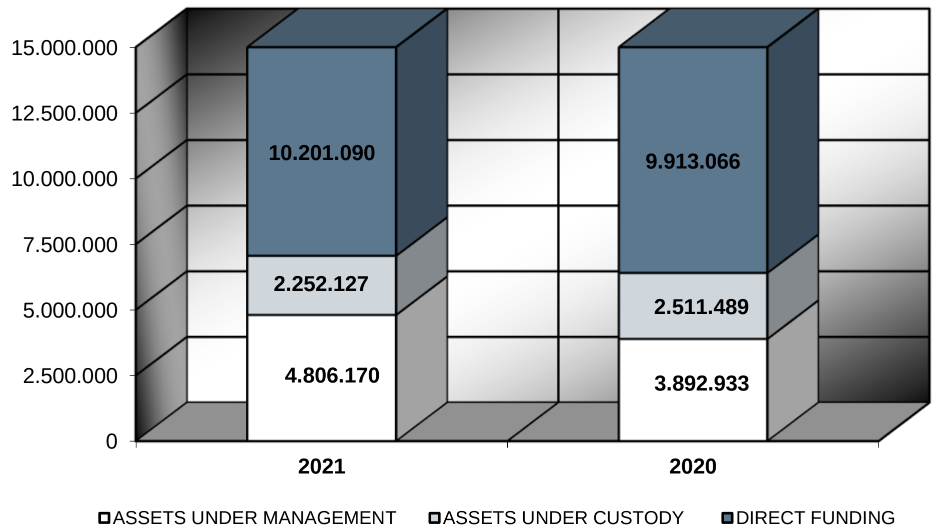
The results as at 31 December 2021, considering the complex and difficult context, confirm the validity of the Group's underlying strategic choices, intended to preserve and improve upon the Group’s solid fundamentals without renouncing, thanks to constant attention to operating efficiency and diversification and increases in sources of revenue, the satisfactory creation of value for shareholders which, along with other stakeholders, place their trust in the Group.

The probability test envisages the full recovery of the remaining deferred tax assets, referring to years with tax losses, by 2026, and those originating from ACE (aid for economic growth), both those deferred previously and those envisaged for the next few years, by 2027, and lastly, of the taxes recognised in 2018 for the write-down of receivables, following the introduction of IFRS 9, on a straight-line basis until 2028, in accordance with the laws currently in force.

NET PROFIT	2021 (€/thousand)	2020 (€/thousand)	% change
Profit (loss) from continuing operations	56,596	39,874	41.94%
Tax expense (recovery) on income from continuing operations	-16,949	-12,577	34.76%
Net profit	**39,647**	**27,297**	**45.24%**

Assets managed on behalf of customers

As at 31 December 2021, brokered financial assets amounted to € 17.3 billion, an increase of 5.77% since the start of the year, due to the significant growth in assets under management. The managed assets from non-institutional customers totalled € 16.2 billion, up 6.83% on the previous year. Within this aggregate as a whole, direct funding continues to be the most important component, representing around 59.10% of the total.



TOTAL FINANCIAL ASSETS	2021		2020		Change
	Amount	%	Amount	%	%
Direct funding	10,201,090	59.10%	9,913,066	60.75%	2.91%
of which: from customers	9,139,832	52.96%	*8,758,231*	*53.67%*	4.36%
of which: from market securitisation	996,186	5.77%	*1,086,645*	*6.66%*	-8.32%
of which: institutional funding	65,072	0.38%	*68,190*	*0.42%*	-4.57%
Assets under management	4,806,170	27.85%	3,892,933	23.86%	23.46%
Assets under custody	2,252,127	13.05%	2,511,489	15.39%	-10.33
Total financial assets	**17,259,388**	**100.00%**	**16,317,488**	**100.00%**	**5.77%**
of which: from customers	16,198,129	93.85%	*15,162,653*	*92.92%*	6.83%

Note that the method adopted to measure financial assets in the tables is as follows:

- *Direct funding: book value*
- *Assets under management and under custody: market value as at 31/12/2021*

Direct funding

At the end of 2021, the Group's direct funding stood at € 10.2 billion, marking an increase of € 288 million since the start of the year (+2.91%). Funding from ordinary customers reached € 9.1 billion, therefore with a yoy increase of 4.36%.

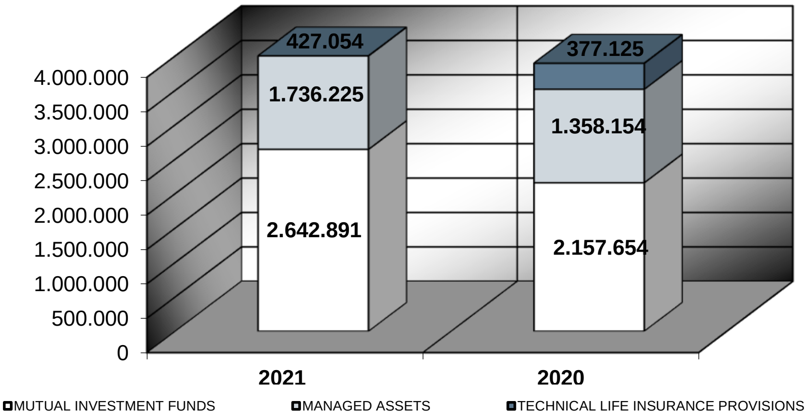
In this segment, investors' interest is largely targeted at current accounts, an aggregate that also includes time deposits, which rose by € 640 million (+9.05%), whilst bonds are in less demand, decreasing by € -393 million (-15.86%).

DIRECT FUNDING FROM CUSTOMERS	2021	2020	Change	
			Absolute	%
Bonds	2,083,193	2,475,764	-392,570	-15.86%
of which: originating from securitisation	760,550	944,319	-183,769	-19.46%
of which: measured at fair value	42,907	44,996	-2,089	-4.64%
Current accounts	7,714,849	7,074,887	639,961	9.05%
Repurchase agreements	1,849	48,455	-46,606	-96.18%
Savings deposits	90,503	96,631	-6,128	-6.34%
Banker's drafts	30,799	30,536	263	0.86%
Certificates of deposit	15	26	-11	-42.31%
Lease liabilities	36,694	38,718	-2,024	n.c.
Other funding	243,188	148,049	95,139	64.26%
Total direct funding	**10,201,090**	**9,913,066**	**288,024**	**2.91%**

Assets under management and under custody

Assets under management amounted to € 4.8 billion, recording significant growth compared to the end of 2020 (+23.46%).
Assets under custody stood at € 2.3 billion, marking a decrease as at 31 December 2021 of 10.33%, linked primarily to conversions in favour of assets under management, confirming customers' strong interest in forms of investment assisted by advisory services.

Indirect funding therefore totalled € 7.1 billion, recording an increase of 10.21% over 2020.



FINANCIAL ASSETS OF CUSTOMERS	2021		2020		Change
	Amount	%	Amount	%	%
Mutual investment funds	2,642,891	54.99%	2,157,654	55.42%	22.49%
Managed assets - securities and funds	1,736,225	36.12%	1,358,154	34.89%	27.84%
Technical life insurance reserves	427,054	8.89%	377,125	9.69%	13.24%
Assets under management	**4,806,170**	**100.00%**	**3,892,933**	**100.00%**	**23.46%**

Loans and advances to customers

As at 31 December 2021, net loans to customers amounted to approximately € 7.1 billion, an increase (+3.88%) compared to 31 December 2020 (against a banking sector average of +1.00%, source: ABI).

Net of derisking, the trend of the aggregate confirms that, despite the unfavourable economic scenario, the Bank continues to commit to ensuring financial support to private banking customers and to economic operators, with the firm conviction that a robust recovery can only be achieved through the driving force of the real economy.

BREAKDOWN OF LOANS AND ADVANCES TO CUSTOMERS	2021	2020	Changes	
			Absolute	%
Current accounts	347,434	441,864	-94,431	-21.37%
Mortgages	4,980,477	4,873,487	106,989	2.20%
Credit cards, personal loans, and salary and pension assignment loans	1,001,123	880,970	120,153	13.64%
Other transactions	782,265	651,306	130,959	20.11%
Debt securities	19,765	16,801	2,964	17.64%
Total loans and advances to customers	**7,131,064**	**6,864,429**	**266,635**	**3.88%**

With regard to corporate loans, the Group continues to pursue a policy that seeks to improve the relationship with SMEs by operating on the market with a view to

increasing the content of its product range, in particular by focusing on specific and innovative products to meet the differing financial and non-financial business needs.
The Group continues to carefully oversee “risk fragmentation” regarding both the distribution by economic activity and concentration by single customer, which stood at fairly contained levels.

STATISTICAL TABLE REGARDING THE CONCENTRATION OF THE LOANS PORTFOLIO*	2021	2020
Top 10 groups	3.81%	4.03%
Top 20 groups	5.71%	6.05%
Top 30 groups	7.26%	7.74%
Top 50 groups	9.83%	10.24%
Top 100 groups	14.33%	14.72%

** including the salary and pension assignment loans of the subsidiary Pitagora S.p.A.*
The percentages shown represent the amount granted as at 31/12/2021.

Credit quality

Even though credit quality still reflects consequences of the unfavourable phase of the economic cycle in recent years, it has improved by virtue of efforts made as part of the long-term Group derisking strategy, relating to a specific NPE Strategy, which in turn, breaks down into various operations.
In 2021, the Parent Company carried out three significant derisking transactions, two through the transfer of bad loans and one through the transfer of credit positions classified as unlikely to pay.
As regards the first, Banca di Asti, together with other transferring banks, has completed, pursuant to Law no. 130 of 30 April 1999, a non-recourse transfer to the special purpose vehicle company specifically set up and called BCC NPLS 2021 Srl (the SPV) of a portfolio of loans classified and reported as bad loans at the transfer date, also requesting from the MEF (Ministry of Economy and Finance), pursuant to the Decree of 3 August 2016 and subsequent amendments, the guarantee on the *senior tranche* of the securities issued.
The multi-originator securitisation transaction, with relative derecognition, regarded loans with a gross book value of € 127,1 million.
The second derisking transaction involved the transfer of bad loans for a gross value of € 4.3 million, while the third, in application of Law no. 130 of 30 April 1999, as well as Article 58 of the Consolidated Banking Act (TUB), concerned a non-recourse transfer of unlikely to pay loans for a gross value of € 8.6 million.
At the end of 2021, a significant decrease was recorded in the total non-performing loans, net of value adjustments, falling from € 332 million in 2020 to € 258 million as at 31 December 2021 (-22.28%).

The incidence of net non-performing assets on total net loans to customers therefore decreased to 3.62%, compared to 4.83% as at 31 December 2020. The same ratio calculated on gross values instead amounts to 6.75%, down from 9.32% at the end of 2020.

The average level of coverage of non-performing loans is 48.62%, higher than the average for the credit sector, which is 39.80% as stated by the Bank of Italy (latest figure available as at 30 June 2021). The level of operational hedge calculated net of write-offs amounts to 52.1%.

More specifically, bad loans net of adjustments came to € 85 million, marking a drop of € 27 million (-23.95%) from the start of the year, accounting for 1.20% of total loans and a coverage level of 60.59% (system average of 46.20%, source: Bank of Italy, figure as at June 2021). The level of operational hedge calculated net of write-offs amounts to 66,3%.
Unlikely to pay loans amounted to € 158 million, down by € 45 million (-22.15%) since the start of the year; they represent 2.21% of total loans, and have a coverage level of 40.9% (system average of 35.30%; source: Bank of Italy, figure as at June 2021).

The Texas Ratio, calculated as the ratio of gross non-performing loans to tangible common equity plus provisions, was 42.02% and confirms a good capacity to absorb any unexpected losses on loans.

Net of value adjustments, the breakdown of loans to customers including those designated as FV and FVOCI attributable to the subsidiary Pitagora S.p.A. was as follows:

	2021		2020		Changes
	Amount	%	Amount	%	%
Bad loans	85,448	1.20%	112,359	1.64%	-23.95%
Unlikely to pay	157,769	2.21%	202,670	2.95%	-22.15%
Past due loans	14,665	0.21%	16,795	0.24%	-12.69%
Non-performing loans	**257,882**	**3.62%**	**331,825**	**4.83%**	**-22.28%**
Performing loans	6,873,182	96.38%	6,532,604	95.17%	5.21%
Loans to customers	**7,131,064**	**100.00%**	**6,864,429**	**100.00%**	**3.88%**

	2021				2020			
	Gross amount	Value adjustments	Net amount	% coverage	Gross amount	Value adjustments	Net amount	% coverage
Bad loans	216,803	131,355	85,448	60.59%	344,135	231,776	112,359	67.35%
Unlikely to pay	266,945	109,176	157,769	40.90%	313,073	110,403	202,670	35.26%
Past due loans	18,204	3,539	14,665	19.44%	20,705	3,909	16,795	18.88%
Total non-performing loans	**501,952**	**244,070**	**257,882**	**48.62%**	**677,913**	**346,088**	**331,825**	**51.05%**
Performing loans	6,933,442	60,260	6,873,182	0.87%	6,598,718	66,113	6,532,604	**1.00%**
Loans to customers	**7,435,394**	**304,330**	**7,131,064**	**4.09%**	**7,276,631**	**412,202**	**6,864,429**	**5.66%**

** Bad loans are shown net of interest on arrears deemed wholly unrecoverable.*

With reference only to loans to customers classified as HTC, the breakdown is as follows:

	2021				2020			
	Gross amount	Value adjustments	Net amount	% coverage	Gross amount	Value adjustments	Net amount	% coverage
Bad loans	211,111	127,088	84,023	60.20%	338,025	227,137	110,888	67.20%
Unlikely to pay	263,203	108,172	155,031	41.10%	308,788	109,162	199,626	35.35%
Past due loans	16,099	3,158	12,941	19.62%	19,325	3,753	15,572	19.42%
Total non-performing loans	**490,413**	**238,418**	**251,995**	**48.62%**	**666,138**	**340,052**	**326,086**	**51.05%**
Performing loans	8,440,048	60,277	8,379,771	**0.71%**	9,864,475	66,147	9,798,328	**0.67%**
Loans to customers	**8,930,461**	**298,695**	**8,631,766**	**3.34%**	**10,530,613**	**406,199**	**10,124,414**	**3.86%**

** Bad loans are shown net of interest on arrears deemed wholly unrecoverable.*

Company liquidity and the securities portfolio

As part of liquidity management, treasury activities remain focused on balancing inflows and outflows in the short and very short term (by changing monetary reserves or activating treasury financial transactions) aimed at ensuring the accurate balance of cash at every moment.

The Bank closely monitors liquidity risk and carefully oversees the management of positions open to interest rate risk.

As at 31 December 2021, financial assets other than loans to customers amounted to a total of € 3.2 billion, down on the previous year (-20.03%). The largest component of the owned securities portfolio, equal to roughly € 2 billion, is allocated to stable investments. Therefore, as it is measured at amortised cost, it does not substantially entail elements of volatility in the income statement and balance sheet.

The portion of financial assets measured at fair value through other comprehensive income that does not refer to equity investments - which amounted to approximately € 226.9 million - is mainly composed of government bonds from the EU area, primarily Italian.

The management of the securities portfolio has changed over time, adjusting in each case to the increased lending requirements, the market conditions and the stability of liquidity.

Of the securities portfolio, € 2,810 million was refinanced through the European Central Bank. Financial instruments eligible as collateral in financing transactions on the market amounted to € 3.913 billion as at 31 December 2021 net of the ECB haircuts, of which € 2.8 billion committed. As a result, the eligible amount of financial instruments available comes to € 1,109 million.

Among the financial assets designated at fair value through other comprehensive income, the component relating to equity investments, note should be taken of the transfer of Cedacri S.p.A., for which, in 2020, a Group valuation process was completed through a business combination with a partner for the creation of an IT hub that is a leader in Italy, in terms of size and significance, in the financial services sector.

The structure of the transaction made provision for the transfer of 100% of Cedacri capital to a newco established under Irish law, named DGB Bidco Holdings Limited, controlled by the ION Group, the acclaimed software house specialising in the development and evolution of high-technology systems for private, institutional, financial and banking group operators.

	2021 (€/thousand)	2020 (€/thousand)	Changes	
			Absolute	%
NET INTERBANK POSITION	127,609	-625,083	752,691	-120.41%
Loans and advances to banks	2,985,695	1,975,305	1,010,389	51.15%
Deposits from banks	2,858,086	2,600,388	257,698	9.91%
FINANCIAL ASSETS	3,194,300	3,994,297	-799,998	-20.03%
Financial assets measured at fair value through profit and loss	44,298	34,777	9,521	27.38%
of which fair value of derivatives	*6,353*	*12,388*	*-6,036*	*-48.72%*
Financial assets measured at fair value through other comprehensive income	1,513,000	544,250	968,750	178.00%
Other financial assets measured at amortised cost	1,637,002	3,415,271	-1,778,269	-52.07%
FINANCIAL LIABILITIES HELD FOR TRADING	7,924	14,523	-6,599	-45.44%
of which fair value of derivatives	*7,924*	*14,523*	*-6,599*	*-45.44%*
DERIVATIVES (NOTIONAL AMOUNTS)	1,464,344	1,670,066	-205,722	-12.32%

As regards derivatives, the segment is mainly characterised by operations correlated with the pursuit of the company strategy of interest rate risk hedging and activities connected with securitisations of loans.

Composition of the Group

The composition of the "Cassa di Risparmio di Asti Banking Group" as at 31 December 2021 is as follows:

- Parent Company: Cassa di Risparmio di Asti S.p.A.
- Subsidiaries:
  - Pitagora Contro Cessione del Quinto S.p.A.
  - Immobiliare Maristella S.r.l.
  - We Finance S.p.A.

During 2021, the Group's consolidation area changed due to the acquisition by the subsidiary Pitagora of a stake in the financial company We Finance S.p.A., corresponding to 65% of the share capital. The stake indirectly held by the Parent Company is 40.95%.

It should also be noted that on 6 November 2021, the merger by incorporation of the company Cassa di Risparmio di Biella e Vercelli S.p.A. was completed.

Performance of the main Group companies

Below is a summary of the main consolidated Group companies, with an indication of the most significant balance sheet, income statement and other operating data as at 31 December 2021.

MAIN BALANCE SHEET DATA	BANCA DI ASTI S.P.A.	PITAGORA S.P.A.	IMMOBILIARE MARISTELLA S.R.L.	WE FINANCE S.P.A.
NET LOANS TO CUSTOMERS	6,797,629	403,129	0	3,348
DIRECT FUNDING	9,952,767	249,564	0	449
INDIRECT FUNDING	7,104,846	0	0	0
TOTAL BALANCE SHEET ASSETS	14,185,694	439,728	7,270	9,283
TOTAL OWN FUNDS	1,113,340	71,677	0	2,488

MAIN INCOME STATEMENT DATA	BANCA DI ASTI S.P.A.	PITAGORA S.P.A.	IMMOBILIARE MARISTELLA S.R.L.	WE FINANCE S.P.A.
NET BANKING INCOME	264,936	58,012	137	1,570
OPERATING COSTS	-222,174	-24,395	-257	-895
NET PROFIT	34,644	13,994	-210	143

OTHER DATA AND INFORMATION	BANCA DI ASTI S.P.A.	PITAGORA S.P.A.	IMMOBILIARE MARISTELLA S.R.L.	WE FINANCE S.P.A.
EMPLOYEES	1,651	195	0	29
BRANCHES	213	84	0	0

SHARE CAPITAL ACCOUNTS

Shareholders' equity

Shareholders' equity, including profit for the year, came to € 1,005 million.

The evolution of shareholders' equity during the year was as follows:

Evolution of Group shareholders' equity	Amount (€/thousand)
Group shareholders' equity as at 1 January 2021	**966,199**
Increases	**109,879**
- Net profit for the year	34,527
- Net change in available reserves	75,352
Decreases	**-70,647**
- Net change in valuation reserves	-69,821
- Net change in purchases and sales of treasury shares	-826
Group shareholders' equity as at 31 December 2021	**1,005,431**
Minority shareholders' interests as at 31 December 2021	**29,275**

The Group shareholders' equity increased by € 39.2 million compared to the end of the previous year.

The change in valuation reserves, a negative € 69.8 million net of taxation, was primarily attributable to the combined effect of:

- negative change in the value of reserves without reversal in the income statement of € 37.2 million;
- negative change in the value of reserves with reversal to the income statement equal to € -32.6 million.

The positive change in available reserves is mainly due to the realisation of the capital gain resulting from the transfer of the investment held in Cedacri S.p.A.

Share capital of the Parent Company

The Parent Company's share capital breaks down as follows:

Shareholders	%
Other shareholders	39.84%
Fondazione Cassa Di Risparmio di Asti	31.80%
Fondazione Cassa Di Risparmio di Biella	12.91%
Banco BPM SpA	9.99%
Fondazione Cassa Di Risparmio di Vercelli	4.20%
Treasury shares	1,26%

As at 31 December 2021, the share capital amounted to € 363,971 thousand, broken down into 70,537,048 ordinary shares with a nominal value of € 5.16.

Treasury shares

The treasury shares held by the Bank as at 31 December 2021 totalled 893,432, equal to 1.27% of the share capital, with a nominal value of € 4,610,109 and a book value of € 11,010,134.
During 2021, 78,744 treasury shares were purchased using the treasury shares in portfolio reserve, amounting to 0.11% of the share capital and a nominal value of € 406,319, at the price of € 826,510. Furthermore, 39 treasury shares were sold, from the treasury shares in portfolio reserve, amounting to 0.00006% of the share capital and a nominal value of € 201, at the price of € 442.
At the date of preparation of these financial statements (24 March 2022), the treasury shares in the portfolio totalled 893,432, for a book value of € 11,010,133.84.
Pursuant to Article 6 of the Code of Ethics approved by the Board of Directors on 13 January 2005, the table below shows the shares of Cassa di Risparmio di Asti S.p.A. held by the Directors, Statutory Auditors and the Chief Executive Officer in office as at 31 December 2021.

Corporate Governance Report pursuant to Article 123-bis

Pursuant to Article 123-bis of the Consolidated Finance Act (TUF), the Parent Company has drawn up the "Report on Corporate Governance and Ownership Structures" for 2021. That report, approved by the Board of Directors on 24 March 2022, was made available to Shareholders and the public on the company website www.bancadiasti.it, as well as in hard copy at the registered offices and at the shareholders' meetings.

Total Bank Own Funds and capital ratios

Total Bank Own Funds of the Cassa di Risparmio di Asti Group came to around € 1,117.3 million.

The CET 1 Ratio (CET1/RWA) amounts to 15.56%, higher than the minimum requirement that the Group must meet as a result of the Supervisory Review and Evaluation Process (SREP) conducted by the Bank of Italy, with the final measure dated 19 June 2019 equal to 9.0% (including the "capital conservation buffer" of 2.5%). The Tier1 Ratio (Tier1/RWA) coefficient amounts to 17.26% and the Total Capital Ratio (Total Own Funds/RWA) amounts to 19.43%; both ratios exceed the minimum requirement set by the aforementioned supervisory regulations.

OWN FUNDS AND SOLVENCY RATIOS	2021	2020
Own Funds (€/thousand)		
Common Equity Tier 1 (CET1) capital net of regulatory adjustments	894,873	913,066
Additional Tier 1 (AT1) capital net of regulatory adjustments	97,567	97,567
Tier 1 capital (TIER1)	**992,440**	**1,010,633**
Tier 2 (T2) capital net of regulatory adjustments	124,868	161,134
Total Own Funds	**1,117,308**	**1,171,766**
Risk-weighted assets (€/thousand)		
Portion absorbed for credit and counterparty risk, including the portion absorbed by securitisations	34.72%	34.75%
Portion absorbed for market risk	0.00%	0.02%
- of which:		
a) trading portfolio risk	*0.00%*	*0.02%*
b) exchange rate risk	*0.00%*	*0.00%*
Portion absorbed for credit value adjustment (CVA) risk	0.97%	0.20%
Free portion	64.30%	65.03%
Portion absorbed by Operational Risk	5.47%	5.12%
Free portion	58.83%	59.91%
Total capital requirements	459,950	469,722
Excess	657,358	702,044
Total risk-weighted assets (1)	**5,749,372**	**5,871,530**
Solvency ratios (%)		
CET1 Ratio (CET1/RWA)	15.56%	15.55%
Tier 1 Ratio (Tier1/RWA)	17.26%	17.21%
Total Capital Ratio (Total Own Funds/RWA)	19.43%	19.96%

(1) Total capital requirements multiplied by the inverse minimum mandatory ratio (8%).

(2) As at 31 December 2021, the Bank's fully-phased ratios, calculated without applying the IFRS 9 transitional provisions, amount to: CET1 Ratio 14.02%, Tier 1 Ratio 15.73%, Total Capital Ratio 17.93%.

For the Group, the Bank of Italy, following the Supervisory Review and Evaluation Process (SREP) concluded with the measure of 19 June 2019, communicated the OCR (Overall Capital Requirement) requirements to be respected at consolidated level equal to Cet 1 Ratio 9.0%, Tier 1 Ratio 10.5% and Total Capital Ratio 12.5%.

As required by the instructions of the Bank of Italy, the statement of reconciliation of the shareholders' equity and profit (loss) for the year of the Parent Company with the consolidated shareholders' equity and profit (loss) for the year is attached to this report.

(figures in € thousand)	Shareholders' equity	Profit (loss) for the year
Parent Company shareholders' equity and profit (loss)	**972,601**	**34,644**
Book value of equity investments	-46,493	
Shareholders' equity book value of equity investments (pro rata)	55,717	
Higher values attributed (definitive goodwill)	66,269	
Lower values attributed (reversal of goodwill of subsidiary)	-34,000	
PPA of property, plant and equipment (buildings and land) and loans	32,632	
Alignment with the Group accounting standards:		
- accounting of buildings and land at deemed cost	5,067	
Consolidation for salary assignment loan transactions	-15,165	
Consolidation entries for merger	-31,030	
Consolidation of company under significant influence at equity	-167	
Intercompany netting for dividends		-2,736
Pro-rata profit (loss) of subsidiaries		2,618
Consolidated shareholders' equity and profit (loss)	**1,005,431**	**34,527**
Minority shareholders' equity and profit (loss)	**29,275**	**5,120**

Evolution of the operating context

The financial markets in January continued to closely monitor the trend in the COVID-19 infection curve in the world and the monetary policy decisions of the Central Banks. The escalation of the crisis on the Eastern European front between Ukraine and Russia froze the stock markets and threw significant components of fresh instability and uncertainty into the mix. On 24 February, the threat became a reality with Russia attacking Ukraine. Humanitarian and geopolitical issues are augmented by those of an economic and financial nature. The ECB has estimated that - in an average scenario - Eurozone growth could slow down by 0.3% -0.4% of GDP. In the worst case scenario, however, the repercussion could reach 1%.

In February Istat released the data for January. The increase in prices was 1.6% on a monthly basis and 4.8% on an annual basis, the highest since 1996 and accelerating compared to +3.9% in the previous month. The conflict is bound to drive the rate of inflation up further. As expected, in fact, the attack has increased the prices of gas, crude oil (which has exceeded the threshold of $ 100 a barrel), as well as that of gold.

Inflation, uncertainty and a possible slowdown in growth are intertwined, shaping the monetary policy of Central Banks. The Federal Reserve has renewed its intention to shorten times and adopt a less accommodating policy if inflation remains high. At the beginning of February, the ECB - as expected - left the interest rates on the main refinancing operations, the marginal lending facility and the deposits unchanged. Frankfurt also expected a slowdown in monetary stimulus, but the Russian-Ukrainian conflict could change the scenario. While the slowdown in monetary stimulus could push inflation up further, it could be a drag on growth. Therefore, there have already been calls by the members of the ECB's executive committee and the governors of some central banks, to delay a potential interest rate hike to avoid adversely impacting the restart.

The markets reacted to the escalation of tensions on the Eastern front between Russia and Ukraine. The consequences have been evident in the food and energy sectors, given that Ukraine and Russia are major suppliers to the West.

Encouraging data came from the US economy, with US GDP growing by 6.9% in the fourth quarter of 2021, beyond expectations, bringing the overall figure for the year to +5.7%. A record since 1984. For the first time in 20 years, the US economy is growing faster than China's. In fact, the figures coming from the Chinese economy indicate a slowdown in growth: GDP grew by 4% in the fourth quarter compared to last year. Better than expected growth of 3.8%, but below the +4.9% recorded in the third quarter.

The economic situation in the poorest countries in the world is worrying international observers and markets, with the pandemic still in progress, low numbers of vaccinations, rising raw material and food prices and tourism in a full-blown crisis; there are 74 low-income countries which will have $ 35 billion to repay over the course of 2022. An increase of 45% compared to 2020.

In January, spreads on dollar bonds issued by high-risk emerging countries increased by up to 150 basis points compared to 2021. Many central banks in emerging countries have raised their monetary policy rates.

In Italy, on 29 January, during the 8th ballot, Sergio Mattarella was re-elected President of the Republic with 759 votes. The markets have kept a close eye on the Italian political situation in terms of the election of the President, closely linked to the stability of the Draghi government. Investors' concerns, above all, relate to the implementation of the Recovery and Resilience Plan with European funds and the stability of high Italian public debt.

Business outlook

For the banking sector, and therefore also for our Group, the deterioration of the context caused by the geopolitical crisis triggered on the Eastern European front between Ukraine and Russia will presumably cause a slowdown in the growth prospects, favoured by the improvement in the pandemic scenario.

In December, the Bank approved the new 2022-2024 Group Strategic Plan. In preparing this, the Directors focused on the planning of activities and on the assessment of the sustainability of the business model in light of changed post-COVID-19 scenarios and structural changes under way in the reference market.

The guidelines adopted in drafting the Plan are set out as follows:

- maintenance of a high level of capital solidity, improvement of Asset Quality and profitable use of the liquidity generated by core operations with a view to maintaining a high *Liquidity Coverage Ratio* and *Net Stable Funding Ratio*;
- business development (personal finance, SMEs, wealth management, insurance/protection);
- competitiveness and efficiency, with remodelling of operating processes through a more intense use of digital technology to improve efficiency and strengthen the relationship with the customer, together with cost management initiatives in order to keep the cost/income ratio at the best levels (in particular of the LSI sector).

The Group has jointly launched projects aimed at improving competitive capacity and efficiency through the following drivers:

- the lean and project-driven organisation, through an end-to-end digital restructuring, to eliminate low added value activities and to simplify work processes, favour the extensive use of digital technology and data processing, the enhancement of organisational/technological skills available in the company, as well as agile project management;
- change management, with the direct involvement of the top and middle management in the organisational repositioning activity, also for the purpose of evolution of the *mindset*, and the strengthening of the training activity consistent with the objectives of the Plan, in terms of competitiveness and efficiency;
- constant monitoring of the cost base, with active cost management and comparison with comparable benchmarks, as well as enabling investments for

the implementation of strategic initiatives with constant monitoring of the cost base to rationalise expenses, streamline processes and keep the cost/income ratio at target values;

- IT development, with a new management of the primary interface between IT and users for the innovation aspects generated by recent IT developments (e.g. Cedacri/ION), and investments in operating platforms and in activities aimed at data management and operating process automation (with a focus on those deemed key to the objectives of the Plan).

The sensitivity analyses performed on the economic and financial projections and the company's capacity to effectively handle *disaster recovery* conditions to ensure continuity in operating processes, have confirmed the business's capacity to continue to operate as a going concern.

Having considered the 2022-2024 Strategic Plan, the Bank's satisfactory level of capitalisation, and taking account of the consolidated history of profitable business and privileged access to financial resources, the Directors have the reasonable expectation that even in the current economic and financial context in which the post-pandemic recovery is threatened by the war in Eastern Europe, the Bank will continue to operate in the foreseeable future. Therefore, they have prepared the 2021 financial statements by applying the going concern assumption.

Significant events after the end of the year

For the Group, in the period after the end of the year no significant events arose that resulted in the need to make changes to the figures or information in the 2021 financial statements.

The deadlock in the negotiations between Moscow and Kiev and the protraction of the Russian siege of Ukrainian cities will have economic repercussions that are currently still uncertain and difficult to quantify.
The European authorities are monitoring the impact on the financial markets of the war in Ukraine and the sanctions imposed on Russia and are coordinating the initiatives to be undertaken with the competent national authorities. On 14 March 2022, ESMA published a *Public Statement* on the impacts of the Russian-Ukrainian crisis on the EU financial markets which contains recommendations for issuers and, at national level, Consob, through a memorandum dated 18 March 2022, draws the attention of supervised issuers to the impact of the war in Ukraine on inside information and financial reporting.

Specifically, both documents require listed companies and supervised issuers to:

- disclose as soon as possible any inside information regarding the impacts of the crisis on fundamentals, prospects and the financial situation;
- provide information, as far as possible on a qualitative and quantitative basis, on the current and foreseeable effects, direct and indirect, of the crisis on commercial activities, on the exposures to affected markets, on supply chains, on the financial situation and on the economic results in 2021 financial reports.

The ESMA document and the Consob memorandum also contain a common recommendation to all entities operating on the financial markets regarding the assessment of the risks associated with *cybersecurity* and the advisability of putting in place adequate and effective organisational and technical safeguards aimed at mitigating that risk.

In compliance with the recommendations issued by the European and national Authorities, the Bank analysed and determined the possible impacts of the conflict on the forecast data, on the financial situation, on the economic results and on the fundamentals, also verifying any indirect effects of the crisis on the commercial activities of its customers operating on the markets involved.

The assumptions adopted for the drafting of the Strategic Plan are currently still deemed valid, considering on the one hand the improvement of the scenario connected to the evolution of the pandemic (termination of the state of emergency scheduled for 31 March 2022) and, on the other, the uncertainties related to the developments of the Russian-Ukrainian conflict and the related macroeconomic impact, the estimates of which are not yet fully defined and quantified. In fact, the macroeconomic scenario is characterised by significant forecast uncertainty connected to the onset and evolution of the geopolitical crisis, and no quantitative evidence is yet available that could be included in the forecast models.

With regard to the 2021 financial year, in light of the analyses carried out, there is no need to change the financial statement data or information given the non-existence in the Bank's portfolio of securities or other financial assets that constitute exposures to countries involved in the conflict. Customer exposures to Russian counterparties are also extremely limited, both as regards loans and advances and in terms of securities and investment funds. Customer investments in securities priced in roubles or in funds with exposures to Russia amount to 0.062% of indirect deposits. Furthermore, the disbursements of loans to companies that carry out commercial activities with Russia are extremely limited. The in/out payments made on the Bank's branches by companies that have commercial relations with Russia are also limited, amounting to approximately € 9 million in 2021.

Due to the complexity and mutability of the situation, reliable forecasts cannot be drawn up at the current state of play. The sanctions and restrictions imposed affect both specific sectors and individual operators (entities/subjects); the extent of the involvement of our customers is still not clear, in the same way that the associated repercussions in terms of lower turnover or proceeds cannot be quantified.

Finally, the Bank and the Group have adopted specific control measures on transactions involving countries in conflict, as required by EU Regulations, in order to ensure compliance with all the restrictions implemented by the European Union.

With regard to the recommendations on the subject of cybersecurity in relation to the Russia-Ukraine conflict, we inform you that the Bank has activated specific communication channels with the reference outsourcer in order to constantly check the systems exposed to risk, the safeguards adopted, any reinforcement of monitoring and defence against malicious activities, as well as any recorded incidents.

With regard to the components of the "in house" information system, in addition to the constant monitoring and *awareness* activities in the Cyber area, initiatives were implemented to limit network traffic (e-mail and browsing) to and from the Countries at Risk, and to limit external access.

The IT Security Function also oversees all System communications (Certfin, Csirt, ...), participating in the related alignment sessions between the participating Banks and Institutions.

Other Information

Following the finalisation of the acquisition of the controlling stake in We Finance by Pitagora S.p.A., which took place in the second half of 2021, the Group launched a corporate restructuring project that aims to fully integrate the subsidiary into the Group, in line with provisions of the strategic planning documents.
The related initiatives will be implemented in 2022 and will enable the achievement of further organisational and economic efficiency objectives at Group level.

The proceedings relating to an alleged accounting offence regarding the Parent Company Cassa di Risparmio di Asti S.p.A., relating to the years 2015 and 2016 in relation to the audits conducted in 2017 by the Italian Tax Police are still pending before the Court of Asti. In that regard, the Bank specifies that it is firmly convinced that that assumption is unfounded, given that those financial statements were drawn up in rigorous compliance with the accounting rules, as well as audited by the Independent Auditors. It also confirms that it is certain that it operated correctly at all levels and continues to operate on a daily basis in fully compliance with the rules and codes of ethics in force at all times. For the purpose of due transparency, in line with the relationship of correctness it has always had with its Shareholders, Customers and contractors, and with complete trust in the judiciary, the Bank has provided disclosure to the public regarding that investigation by way of the press.

The Bank also confirms that, irrespective of the purely accounting-related aspects audited that merely regard time-based accruals, the pending proceedings have no impact on the Bank's assets as of today and, thus, no impact on Shareholders or, more generally, on customers, save for modest effects on the amount of its tax credit.

With reference to the analysis of Group related party transactions, please refer to Part H of the Notes to the consolidated financial statements.

GRUPPO CASSA DI RISPARMIO DI ASTI

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET			
Assets		**31/12/2021**	**31/12/2020 (*)**
10.	**Cash and cash equivalents**	**80,296**	**79,202**
20.	**Financial assets measured at fair value through profit and loss**	**95,449**	**78,411**
	a) financial assets held for trading	56,171	44,503
	c) other financial assets mandatorily measured at fair value	39,278	33,908
30.	**Financial assets measured at fair value through other comprehensive income**	**1,598,165**	**655,957**
40.	**Financial assets measured at amortised cost**	**11,617,445**	**12,083,511**
	a) Loans and advances to banks	2,985,679	1,959,097
	b) Loans and advances to customers	8,631,766	10,124,414
50.	**Hedging derivatives**	**8,184**	0
70.	**Equity investments**	**84**	**82**
90.	**Property, plant and equipment**	**198,791**	**203,342**
100.	**Intangible assets**	**89,182**	**88,493**
	of which:		
	- goodwill	66,269	66,142
110.	**Tax assets**	**265,912**	**288,867**
	a) current	35,986	44,162
	b) deferred	229,926	244,705
120.	**Non-current assets held for sale and discontinued operations**	**67,449**	**0**
130.	**Other assets**	**543,463**	**494,629**
	Total assets	**14,564,420**	**13,972,494**

(*) The data of the 2020 financial statements have been reclassified on the basis of the provisions of the update to the Bank of Italy Circular no. 262 of 22 December 2005 published in November 2021.

CONSOLIDATED BALANCE SHEET			
Liabilities and Shareholders' equity		31/12/2021	31/12/2020
10.	**Financial liabilities measured at amortised cost**	**13,016,269**	**12,468,458**
	a) Deposits from banks	2,858,086	2,600,388
	b) Deposits from customers	8,878,432	8,381,595
	c) Debt securities in issue	1,279,751	1,486,475
20.	**Financial liabilities held for trading**	**7,924**	**14,523**
30.	**Financial liabilities designated at fair value**	**42,907**	**44,996**
40.	**Hedging derivatives**	**43,440**	**157,533**
60.	**Tax liabilities**	**86**	**2,056**
	a) current	86	2,056
80.	**Other liabilities**	**362,192**	**227,757**
90.	**Provision for employee severance pay**	**20,213**	**19,951**
100.	**Provisions for risks and charges**	**36,683**	**51,153**
	a) commitments and guarantees given	5,167	5,334
	b) post-retirement benefit obligations	0	5,607
	c) other provisions for risks and charges	31,516	40,212
120.	**Valuation reserves**	**-48,740**	**21,081**
140.	**Equity instruments**	**97,567**	**97,567**
150.	**Reserves**	**229,741**	**130,404**
160.	**Share premium reserve**	**339,375**	**339,375**
170.	**Share capital**	**363,971**	**363,971**
180.	**Treasury shares (-)**	**-11,010**	**-10,184**
190.	**Minority shareholders’ equity (+/-)**	**29,275**	**19,868**
200.	**Profit (Loss) for the year (+/-)**	**34,527**	**23,985**
	Total liabilities and shareholders' equity	**14,564,420**	**13,972,494**

GRUPPO CASSA DI RISPARMIO DI ASTI

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT			
Items		31/12/2021	31/12/2020
10.	**Interest income and similar revenues**	**267,642**	**281,631**
	of which: interest income calculated using the effective interest rate method	265,496	279,379
20.	**Interest expense and similar charges**	**(73,707)**	**(75,498)**
30.	**Net interest margin**	**193,935**	**206,133**
40.	**Fee and commission income**	**162,458**	**149,543**
50.	**Fee and commission expense**	**(70,743)**	**(62,770)**
60.	**Net fees and commissions**	**91,715**	**86,773**
70.	**Dividends and similar income**	**10,425**	**12,058**
80.	**Net profit (loss) from trading**	**69,935**	**62,380**
90.	**Net profit (loss) from hedging**	**(50)**	**760**
100.	**Gains (losses) on disposal or repurchase of:**	**41,814**	**37,410**
	a) financial assets measured at amortised cost	37,444	(3,787)
	b) financial assets measured at fair value through other comprehensive income	5,248	41,714
	c) financial liabilities	878	(517)
110.	**Net profit (loss) from financial assets and liabilities measured at fair value through profit and loss**	**4,138**	**301**
	a) financial assets and liabilities designated at fair value	1,202	852
	b) other financial assets mandatorily measured at fair value	2,936	(551)
120.	**Net banking income**	**411,912**	**405,815**
130.	**Net losses/recoveries for credit risk relating to:**	**(91,089)**	**(106,463)**
	a) financial assets measured at amortised cost	(91,678)	(107,615)
	b) financial assets measured at fair value through other comprehensive income	589	1,152
140.	**Profits/losses from contractual changes without derecognition**	**(363)**	**(286)**
150.	**Net income from financial activities**	**320,460**	**299,066**
160.	**Net premiums**	0	0
170.	**Other net insurance income (expense)**	0	0
180.	**Net income from financial and insurance activities**	**320,460**	**299,066**
190.	**Administrative expenses:**	**(256,449)**	**(245,336)**
	a) personnel expenses	(134,551)	(128,802)
	b) other administrative expenses	121,898	(116,534)
200.	**Net provisions for risks and charges**	**(13,876)**	**(15,124)**
	a) commitments and guarantees given	149	(219)
	b) other net provisions	(14,025)	(14,905)
210.	**Net adjustments to/recoveries on property, plant and equipment**	**(15,928)**	**(17,559)**
220.	**Net adjustments to/recoveries on intangible assets**	**6,219**	**(5,218)**
230.	**Other operating expenses/income**	**29,057**	**24,536**
240.	**Operating costs**	**(263,415)**	**(258,701)**
250.	**Gains (losses) on equity investments**	0	(500)
260.	**Net gains (losses) on property, plant and equipment and intangible assets measured at fair value**	0	0
270.	**Impairment of goodwill**	0	0
280.	**Gains (losses) on disposal of investments**	(449)	9
290.	**Profit (loss) before tax from continuing operations**	**56,596**	**39,874**
300.	**Tax expenses (income) for the period from continuing operations**	(16,949)	(12,577)
310.	**Profit (loss) after tax from continuing operations**	**39,647**	**27,297**
320.	**Profit (loss) after tax from assets held for sale and discontinued operations**	0	0
330.	**Profit (loss) for the year**	**39,647**	**27,297**
340.	**Minority profit (loss) for the period**	**5,120**	**3,312**
350.	**Parent company's profit (loss) for the year**	**34,527**	**23,985**

GRUPPO CASSA DI RISPARMIO DI ASTI

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME			
Item	ITEMS	31/12/2021	31/12/2020
10.	**Profit (loss) for the year**	**39,647**	**27,297**
	Other comprehensive income after tax not reclassified to profit or loss		
20.	Equity instruments designated at fair value through other comprehensive income	(49,740)	19,717
30.	Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(272)	(328)
40.	Hedging of equity securities designated at fair value through other comprehensive income	0	0
50.	Property, plant and equipment	0	0
60.	Intangible assets	0	0
70.	Defined benefit plans	12,814	1,462
80.	Non-current assets held for sale and discontinued operations	0	0
90.	Share of valuation reserves of equity investments carried at equity	0	0
	Other comprehensive income after tax reclassified to profit or loss		
100.	Foreign investment hedging	0	0
110.	Exchange differences	0	0
120.	Cash flow hedging	5,455	2,565
130.	Hedging instruments (elements not designated)	0	0
140.	Financial assets (different from equity instruments) at fair value through other comprehensive income	(38,330)	16,420
150.	Non-current assets held for sale and discontinued operations	0	0
160.	Share of valuation reserves of equity investments carried at equity	0	0
170.	**Total other income after tax**	**(70,073)**	**39,836**
180.	**Other comprehensive income (Item 10+170)**	**(30,426)**	**67,133**
190.	**Minority consolidated other comprehensive income**	**4,868**	**2,148**
200.	**Parent Company's consolidated other comprehensive income**	**(35,294)**	**64,985**

GRUPPO CASSA DI RISPARMIO DI ASTI

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Balance as at 31/12/2020	Changes in opening balances	Balance as at 01/01/2021	Previous year profit (loss) allocation		Changes during the year									Group shareholders' equity as at 31/12/2021	Minority shareholders' equity as at 31/12/2021
							Shareholders' equity transactions									
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Advanced dividends	Changes in equity instruments	Treasury shares derivatives	Stock options	Changes in equity interests	Other comprehensive income for 2021		
SHARE CAPITAL																
- ordinary shares	376.559		376.559	0			0	0					4.350		363.971	16.938
- other shares	0		0	0			0	0					0		0	0
SHARE PREMIUM RESERVE	339.375	0	339.375	0		0	0						0		339.375	0
RESERVES																
- profit	73.496	0	73.496	17.660		0	0	0	0				0		85.777	5.378
- other	58.786	0	58.786	0		88.101	0		0		0	0	-2.923		143.964	0
VALUATION RESERVES	23.171	0	23.171			0							0	-70.073	-48.740	1.838
EQUITY INSTRUMENTS	97.567		97.567							0			0		97.567	0
TREASURY SHARES	-10.184		-10.184				0	-827							-11.010	0
PROFIT (LOSS) FOR THE YEAR	27.297	0	27.297	-17.660	-9.637									39.647	34.527	5.120
GROUP SHAREHOLDERS' EQUITY	966.199	0	966.199	0	-8.464	86.739	0	-827	0	0	0	0	-2.923	-35.294	1.005.431	
MINORITY SHAREHOLDERS' EQUITY	19.868	0	19.868	0	-1.173	1.362	0	0	0	0	0	0	4.350	4.868		29.274

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Balance as at 31/12/2019	Changes in opening balances	Balance as at 01/01/2020	Previous year profit (loss) allocation		Changes during the year									Group shareholders' equity as at 31/12/2020	Minority shareholders' equity as at 31/12/2020
						Changes in reserves	Shareholders' equity transactions							Other comprehensive income for 2020		
				Reserves	Dividends and other allocations		Issue of new shares	Purchase of treasury shares	Advanced dividends	Changes in equity instruments	Treasury shares derivatives	Stock options	Changes in equity interests			
SHARE CAPITAL																
- ordinary shares	376.579		376.579	0			0	0					-20		363.971	12.588
- other shares	0		0	0			0	0					0		0	0
SHARE PREMIUM RESERVE	339.536	0	339.536	0		0	-161						0		339.375	0
RESERVES																
- profit	32.741	0	32.741	40.748		7	0	0	0				0		71.618	1.878
- other	59.416	0	59.416	0		-630	0		0		0	0	0		58.786	0
VALUATION RESERVES	-16.665	0	-16.665			0							0	39.836	21.081	2.090
EQUITY INSTRUMENTS	0		0							97.567			0		97.567	0
TREASURY SHARES	-8.863		-8.863				1.385	-2.706							-10.184	0
PROFIT (LOSS) FOR THE YEAR	40.748	0	40.748	-40.748	0									27.297	23.985	3.312
GROUP SHAREHOLDERS' EQUITY	805.754	0	805.754	0	0	-625	1.224	-2.706	0	97.567	0	0	0	64.985	966.199	
MINORITY SHAREHOLDERS' EQUITY	17.738	0	17.738	0	0	2	0	0	0	0	0	0	-20	2.148		19.868

GRUPPO CASSA DI RISPARMIO DI ASTI

CONSOLIDATED CASH FLOW STATEMENT

CASH FLOW STATEMENT	AMOUNT	
Indirect Method	31/12/2021	31/12/2020
A. OPERATING ACTIVITIES		
1. Cash flows from operations	**22,809**	**-54,714**
- profit (loss) for the year (+/-)	39,647	27,297
- capital gains/losses on financial assets held for trading and on other financial assets/liabilities measured at fair value through profit and loss (-/+)	-14,121	24,413
- capital gains/losses on hedging activities (-/+)	-116,524	-20,042
- net losses/recoveries for credit risk (+/-)	127,639	140,719
- net adjustments to/recoveries on property, plant and equipment and intangible assets (+/-)	20,845	21,142
- net provisions for risks and charges and other expenses/income (+/-)	-17,797	-7,615
- unpaid duties, taxes and tax credits (+/-)	11,662	9,537
- net losses/recoveries on discontinued operations after tax (+/-)	0	0
- other adjustments (+/-)	-28,542	-250,165
2. Liquidity generated/absorbed by financial assets	**-1,260,657**	**-1,666,371**
- financial assets held for trading	-45,924	48,859
- financial assets designated at fair value	0	0
- other assets mandatorily measured at fair value	-5,366	-15,470
- financial assets measured at fair value through other comprehensive income	-966,078	282,490
- financial assets measured at amortised cost	-263,879	-1,977,983
- other assets	20,590	-4,268
3. Liquidity generated/absorbed by financial liabilities	**1,255,676**	**1,655,045**
- financial liabilities measured at amortised cost	1,149,886	855,590
- financial liabilities held for trading	58,737	65,100
- financial liabilities designated at fair value	-887	-33,019
- other liabilities	47,940	767,374
Net liquidity generated/absorbed by operating activities	**17,828**	**-66,040**
B. INVESTMENT ACTIVITIES		
1. Cash flows from	**5,050**	**2**
- sales of equity investments	3,822	0
- dividends collected on equity investments	0	0
- sales of property, plant and equipment	663	3
- sales of intangible assets	37	0
- sales of divisions	528	0
2 Cash flow used in	**-19,785**	**-18,584**
- purchases of equity investments	-2,209	-5,232
- purchases of property, plant and equipment	-11,161	-9,180
- purchases of intangible assets	-6,415	-4,173
- purchases of divisions	0	0
Net liquidity generated/absorbed by investment activities	**-14,735**	**-18,583**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	-826	-1,482
- issue/purchase of equity instruments	0	97,567
- dividend distribution and other	-1,173	0
Net liquidity generated/absorbed by funding activities	**-1,999**	**96,085**
NET LIQUIDITY GENERATED/ABSORBED IN THE PERIOD	**1,094**	**11,463**

RECONCILIATION	AMOUNT	
Item	31/12/2021	31/12/2020
Cash and cash equivalents at the beginning of the year	79,202	67,739
Net liquidity generated/absorbed in the period	1,094	11,463
Cash and cash equivalents: effect of exchange rate changes	0	0
Cash and cash equivalents at the end of the year	80,296	79,202

GRUPPO CASSA DI
RISPARMIO DI ASTI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PART A
ACCOUNTING
POLICIES

A.1 – GENERAL PART

Section 1. Statement of compliance with the international accounting standards

Pursuant to IAS 1 § 16, it is hereby certified that the consolidated financial statements as at 31 December 2021 comply with all the international accounting standards IAS/IFRS applicable, as endorsed by the European Commission and in force as at 31 December 2021, based on the procedure set out in Regulation (EC) no. 1606/2002, including the SIC/IFRIC interpretations.

Section 2. General preparation criteria

The consolidated financial statements were determined by applying the international accounting standards IAS/IFRS, as described above, in addition to referencing that established by the Bank of Italy in Circular no. 262 of 22 December 2005, which regulates bank financial statements, revised by its seventh update of October 2021, as amended.

Account was also taken of the Bank of Italy document "Update of the additions to the provisions of Circular no. 262 "Banks' financial statements: layout and presentation" in relation to the impacts of COVID-19, support measures for the economy" of 21 December 2021 which repeals and replaces the communication of 15 December 2020.

This section illustrates the general principles for drafting the consolidated financial statements. In outlining the general principles, account must be taken, where applicable, of the interpretations and application support documents for the accounting standards in relation to the impacts of COVID-19, issued by the European regulatory and supervisory authorities and the standard setters. These include, for example:

- the EBA communication of 25 March 2020, "*Statement on the application of the prudential framework regarding Default, Forbearance and IFRS 9 in light of COVID-19 measures*";
- the communication from ESMA of 25 March 2020 "*Public Statement. Accounting implications of the Covid-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9*";
- the IFRS Foundation document of 27 March 2020, "*IFRS 9 and COVID-19 – Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the COVID-19 pandemic*";
- the ECB letter of 1 April 2020 "*IFRS 9 in the context of the coronavirus (Covid-19) pandemic*", addressed to all significant entities.
- the EBA guidelines of 2 April 2020, "*Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the Covid-19 crisis*";
- the ESMA communication of 20 May 2020, "*Implications of the COVID-19 outbreak on the half-yearly financial reports*";
- the EBA guidance of 2 June 2020, "*Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis*";
- the ESMA communication of 28 October 2020, "*European common enforcement priorities for 2020 annual financial reports*";

- the EBA guidance of 2 December 2020, "*Guidelines amending Guidelines EBA/GL/2020/02 on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis*";
- the ECB letter of 4 December 2020, "*Identification and measurement of credit risk in the context of the coronavirus (COVID-19) pandemic*", addressed to all significant entities.
- the ESMA communication of 29 October 2021, "*European common enforcement priorities for 2021 annual financial reports*";

The consolidated financial statements were drawn up by applying the fundamental principles set out in the reference accounting standards. In particular:

- the accruals principle: the effect of events and operations is recorded when they occur and not when the related collections or payments arise;
- the going concern principle: the financial statements were drawn up under the assumption that the Group will be a going concern for a time period of at least 12 months from the date of their approval.

In recognising operating events in the accounting records, the principle of the priority of economic substance over form was applied.

In order to best guide the interpretation and application of the IAS/IFRSs, the following documents were also referred to:

- *Framework for the Preparation and Presentation of Financial Statements of the International Accounting Standards Board* (IASB);
- *Implementation Guidance, Basis for Conclusions*, and possible other documents drawn up by the IASB or IFRIC (including the communication of 27 March 2020 concerning “IFRS 9 and COVID-19”) or the IFRIC (*International Financial Reporting Interpretations Committee*) to supplement the accounting standards issued;
- The interpretation documents on the application of IAS/IFRS in Italy prepared by the Italian Accounting Body (OIC) and the Italian Banking Association (ABI);
- The documents and recommendations issued by the European Authorities and referred to by the Bank of Italy and Consob concerning the application of specific provisions in the IFRSs also particularly with reference to the method for accounting for the effects of the COVID-19 pandemic.
- The joint Bank of Italy/Consob/Ivass document no. 9 published in January 2021 regarding the "Tax treatment of tax credits associated with the "Cura Italia" and "Rilancio" Law Decrees, acquired as a result of disposal by the direct beneficiaries or previous acquirers".

New international accounting standards in force at the reporting date of the financial statements

As required by IAS 8, the new international accounting standards or amendments to standards already in force are shown below, with their related endorsement regulations, whose application became mandatory from 2021 onwards.

On 28 May 2020, the IASB published an amendment entitled "*COVID-19-Related Rent Concessions (Amendment to IFRS 16)*". The amendment allows lessees the option of recognising COVID-19-related decreases in instalments, which analysing contracts to assess whether they comply with the IFRS 16 definition of lease modification. Consequently, lessees applying this option can recognise the effects of decreases in lease payments directly in the income statement as at the date the reduction became effective. This amendment applies to financial statements starting on 1 June 2020. Again with reference to IFRS 16, on 31 August 2021, Regulation (EU) 2021/1421 was published, containing amendments to Regulation (EC) no. 1126/2008. The Regulation introduced changes to limit the application of the practical expedient only to the concessions on fees that are a direct consequence of the COVID-19 pandemic and only if all the conditions set out in paragraph 46B of IFRS 16 are met.
The adoption of these amendments did not have any effects on the Group's consolidated financial statements.

On 28 May 2020, the IASB published an amendment called "*Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)*". The amendments make it possible to extend the temporary exemption from the IFRS 9 application until 1 January 2023 for insurance companies. This amendment is not applicable to the consolidated financial statements of the Group as it is intended for insurance companies.
On 27 August 2020, in light of the reform on interbank interest rates such as the IBOR, the IASB published the document "*Interest Rate Benchmark Reform — Phase 2*" which contains amendments to the following standards:
- IFRS 9 *Financial Instruments*;
- IAS 39 *Financial Instruments: Recognition and Measurement*;
- IFRS 7 *Financial Instruments: Disclosures*;
- IFRS 4 *Insurance Contracts*;
- IFRS 16 *Leases*.

All the amendments entered into force on 1 January 2021. The adoption of these amendments did not have any effects on the consolidated financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations endorsed but not yet compulsorily applicable.

Commission Regulation (EU) 2021/1080 of 28 June 2021 was published in the Official Journal of the European Union no. L 239 of 2 July 2021, which amends, starting from 1 January 2022, the following accounting standards: IAS 16 Property, plant and equipment; IAS 37 Provisions, contingent liabilities and contingent assets;

IAS 41 Agriculture; the International Financial Reporting Standard (IFRS) 1 First-time adoption of the International Financial Reporting Standards; IFRS 3 Business combinations; IFRS 9 Financial instruments.

- IAS 16 Property, Plant and Equipment: the technical notion of "costs to verify the proper functioning of the asset" has been clarified, meaning the costs necessary for evaluating the technical and physical performance of the asset and for assessing whether it is usable in the production or supply of goods and services or to rent it or for administrative purposes. A provision has been added that disclosure of additional information on income and costs attributed to profit that is not the result of ordinary activities of the entity has to be reported in the consolidated financial statements. Finally, entities are allowed to produce items to bring an item of property, plant and equipment to the place and condition necessary for it to be able to function in the manner intended by management: the proceeds from the sale of each of these items and the cost is to be recognised in profit or loss for the year.
- IAS 37 Provisions and contingent liabilities: Regulation 1080 introduced the new paragraph 68 with regard to provisions for onerous contracts according to which the cost necessary to fulfil the contract includes the costs directly related to it, such as the necessary incremental costs needed to fulfil said contract (labour and direct raw materials) and other directly related costs such as the depreciation rate of an element of assets used for the fulfilment of the contract itself. The new provisions must be applied to all contracts for which the entity has not yet fulfilled all the related obligations at the beginning of the year in which it applies the amendments for the first time.
- IFRS 3 Business combinations: the exceptions to the principle of recognition of the assets acquired and the liabilities assumed are introduced as regards the liabilities and contingent liabilities falling within the scope of IAS 37 (Provisions or contingent liabilities) or IFRIC 21 (Taxes). With reference to amendments endorsed and applicable as at the date of these consolidated financial statements, their adoption will have no significant effects on the consolidated financial statements.
- IFRS 1 First-time adoption of IFRS: the amendment concerned the system of exemptions that an entity can choose to use with regard to the cumulative conversion differences of foreign operations.
- IFRS 9 Financial instruments: for the purposes of derecognition of financial liabilities (paragraph 3.3.2) the terms are considered different if the discounted value of the cash flows according to the new terms, including any commission paid or net of any commission received, at the original interest rate, deviates by at least 10% from the discounted value of the remaining cash flows of the original financial liability. In determining such fees paid net of fees received, the debtor only includes the fees paid or received by the debtor and the creditor, including the fees paid or received by the debtor or creditor on behalf of the other party.

IFRS accounting standards, amendments and interpretations not yet endorsed.

As at the reporting date, the endorsement process has not yet concluded for the amendments listed below:

- IFRS 17 *Insurance Contracts*, due to replace IFRS 4 *Insurance Contracts*. The new standard aims to guarantee that an entity provides relevant information and faithfully represents the rights and obligations deriving from insurance contracts issued. The new standard will apply from 1 January 2023, but early adoption is only permitted to entities that already apply IFRS 9 and IFRS 15.
- *The IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*". The document aims to clarify how to classify payables and other current or non-current liabilities. The amendments come into effect from 1 January 2023; early application is however permitted.
- On 12 February 2021, the IASB published two amendments entitled "Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates - Amendments to IAS 8". The amendments are aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of the financial statements and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023, but early application is permitted.
- On 31 March 2021, the IASB published an amendment called "*Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)*" which extends the application period of the amendment to IFRS 16 issued in 2020 by one year, relating to the accounting of the concessions granted to lessees due to COVID-19. The amendments will apply from 1 April 2021, but early adoption is permitted.
- On 7 May 2021, the IASB published an amendment called "*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*". The document clarifies how deferred taxes on certain transactions that can generate assets and liabilities of the same amount, such as leasing and dismantling obligations, must be accounted for. The amendments will apply from 1 January 2023, but early application is permitted.

With reference to the amendments still awaiting endorsement, no significant impact is expected on the Group consolidated financial statements.

This document is comprised of the Consolidated Balance Sheet and Consolidated Income Statement, Statement of Consolidated Comprehensive Income, Statements of Changes in Consolidated Shareholders' Equity and the Consolidated Cash Flow Statement, as well as these Accounting Policies, all drawn up in thousands of Euro.

1. Investments in wholly-owned subsidiaries.

Company Name	Headquarters	Registered Office	Type of relationship (1)	Shareholding Relationship		% Voting Rights (2)
				Investing Company	%	
A. Companies						
A.1 Companies consolidated line-by-line						
1. Immobiliare Maristella S.r.l.	Asti	Asti	1	Cassa di Risparmio di Asti S.p.A.	100.00	100.00
2. Pitagora S.p.A.	Turin	Turin	1	Cassa di Risparmio di Asti S.p.A.	63.00	63.00
3. We Finance S.p.A.	Milan	Milan	1	Pitagora S.p.A.	40.95	40.95
3. Asti Finance S.r.l.*	Rome	Rome	4	Cassa di Risparmio di Asti S.p.A.	0	0
4. Asti RMBS S.r.l.*	Rome	Rome	4	Cassa di Risparmio di Asti S.p.A.	0	0
5. Asti Group RMBS S.r.l.*	Rome	Rome	4	Cassa di Risparmio di Asti S.p.A.	0	0
6. Asti Group PMI S.r.l.*	Rome	Rome	4	Cassa di Risparmio di Asti S.p.A.	0	0
7. Asti Group RMBS II S.r.l.*	Rome	Rome	4	Cassa di Risparmio di Asti S.p.A.	0	0
8. Asti Group RMBS III S.r.l.*	Rome	Rome	4	Cassa di Risparmio di Asti S.p.A.	0	0
9. Manu SPV S.r.l.*	Conegliano	Conegliano	4	Pitagora S.p.A.	0	0

**Special purpose vehicle (SPV) for securitisations of loans implemented by the Group.*

Key
(1) Type of relationship:
1. majority of voting rights at ordinary shareholders' meetings
2. dominant influence at ordinary shareholders' meetings
3. agreements with other shareholders
4. other forms of control
5. unified management under art. 26, paragraph 1 of Italian Legislative Decree 87/92
6. unified management under art. 26, paragraph 2 of Italian Legislative Decree 87/92

(2) Votes available in the ordinary shareholders' meeting, distinguishing between actual and potential.

Line-by-line consolidation consists in the line-by-line acquisition of the balance sheet and income statement aggregates of the subsidiaries. Following the attribution to minority interests, in separate items, of their portions of shareholders' equity and profit (loss), the equity investment will be eliminated as an offsetting entry to shareholders' equity of the subsidiary.
The assets, liabilities, income and expenses recognised between consolidated companies, as well as dividends collected, are also netted.
During 2021, the Group's consolidation area changed due to the acquisition by the subsidiary Pitagora of a stake in the financial company We Finance S.p.A., corresponding to 65% of the share capital. The new investee company is consolidated in the consolidated financial statements using the line-by-line method. The stake held indirectly by the Parent Company is 40.95%.

It should also be noted that, on 6 November 2021, the merger by incorporation of the company Cassa di Risparmio di Biella and Vercelli S.p.A. - Biver Banca - already wholly-owned by the Parent Company - into the Parent Company Banca di Asti was completed. As indicated in the merger plan, the accounting and tax effects are effective from 1 January 2021. The transaction is part of the corporate simplification process launched in 2018 by the Cassa di Risparmio di Asti Group aimed, first and foremost, at rationalising the organisational and shareholding structure of Banca di Asti and Biver Banca.

The shares of the share capital of Biver Banca, wholly-owned by the Parent Company, in application of the simplified merger procedure pursuant to art. 2505 of the Italian Civil Code, have been fully cancelled without swap and without the issue of Banca di Asti shares. As this is a merger by incorporation of a wholly-owned company, for accounting purposes the transaction is excluded from the scope of application of IFRS 3 Business combinations.

For the accounting treatment of the transaction, procedural guidelines were followed and, more specifically, the document called "Assirevi Preliminary Guidelines on IFRS - OPI 2 Revised - Accounting treatment of mergers in the financial statements" relating to the case of parent-subsidiary mergers involving restructuring.

For more details, please refer to the information provided in "Part G - Business combinations concerning companies or business branches" of the Notes to the consolidated financial statements.

The scope of consolidation also includes the equity investment over which the Parent Company exercises a significant influence, as the share held indirectly is between 20% and 50%. This company is carried at equity

Company Name	Headquarters	Registered Office	Shareholding Relationship	
			Investing Company	%
Edera S.r.l.	Turin	Turin	Pitagora S.p.A.	35.00

2. Significant assessments and assumptions for determining the scope of consolidation

In drawing up the consolidated financial statements as at 31 December 2021, account was taken of the new standards endorsed through Regulation no. 1254 of the European Commission, IFRS 10, IFRS 11 and IFRS 12, and the amendments to IAS 27 and IAS 28, with mandatory application since 2014.

The new standards and amendments to existing standards aim to provide a single model for consolidated financial statements which envisage the presence of control and de facto control as the basis for consolidation of all possible types of entities. To have control over an entity, the investor must have the ability, deriving from a legally understood right or even a de facto situation, to significantly impact the type of operating decisions to be taken regarding the entity’s relevant activities and be exposed to the variability of the entity’s results.

The scope of line-by-line consolidation of the Group includes the special purpose vehicles for securitisations attributable to entities over which the Group holds control, even though it does not have voting rights or equity investments in the share capital.

3. Equity investments in wholly-owned subsidiaries with significant minority interests

For equity investments subject to Parent Company control, minority interests hold 37% of the share capital of Pitagora S.p.A., which is 17.14%-owned by Bonino S.r.l., 9.9%-owned by ICCREA and 9.96%-owned by employees of the company and third parties. The Group does not hold equity investments in the special purpose vehicles for securitisations (SPV) and, therefore, those entities are fully attributable to the capital of third parties.

3.1 Minority interests, voting rights and dividends distributed to third parties

Company Name	% Minority interests	% Voting Rights (1)	Dividends distributed to third parties
A. Companies			
1. Pitagora S.p.A.	37.00	37.00	1,173
2. We Finance	59.05	59.05	0
3. Asti Finance S.r.l.	100.00	100.00	0
4. Asti RMBS S.r.l.	100.00	100.00	0
5. Asti Group RMBS S.r.l.	100.00	100.00	0
6. Asti Group PMI S.r.l.	100.00	100.00	0
7. Asti Group RMBS II S.r.l.	100.00	100.00	0
8. Asti Group RMBS III S.r.l.	100.00	100.00	0
9. Manu SPV S.r.l.	100.00	100.00	0

(1) Voting rights in ordinary shareholders' meeting

3.2 Equity investments with significant minority interests: accounting information

Figures as at 31/12/2021

Company Name	Total assets	Cash and cash equivalents	Financial assets	Property, plant and equipment and intangible assets	Financial liabilities	Shareholders' equity
A. Companies						
1. Pitagora S.p.A.	439,728	3,147	407,290	14,191	313,752	77,347
2. We Finance	9,333	1	5,980	793	2,659	3,321

Company Name	Net interest margin	Net banking income	Operating costs	Profit (loss) before tax from continuing operations	Profit (loss) after tax from continuing operations
A. Companies					
1. Pitagora S.p.A.	10,515	56,049	(36,149)	18,682	12,263
2. We Finance	(5)	4,227	(4,207)	20	131

Company Name	Profit (loss) from discontinued operations	Profit (loss) for the year (1)	Other income after tax (2)	Total income (3) = (1) + (2)
A. Companies				
1. Pitagora S.p.A.	0	12,263	2	12,265
2. We Finance	0	131	6	137

4. Significant restrictions

With regard to subsidiaries included in the scope of consolidation of the Cassa di Risparmio di Asti Group, there are no significant restrictions on the Parent Company's ability to access assets or use them, or to pay off the liabilities of the Group.

5. Other information

The individual financial statements as at 31 December 2021 prepared by the subsidiaries were used for the preparation of the consolidated financial statements as at 31 December 2021, adjusted, if applicable, to align them with the IAS/IFRS adopted by the Parent Company (Immobiliare Maristella S.r.l.).

Section 4. Events subsequent to the reference date of the financial statements

It is noted that, after the reporting date of the consolidated financial statements (31.12.2021) and before the preparation hereof, there were no significant events that could change the valuations and disclosure set out in this document.

With reference to the Russian-Ukrainian conflict that began at the end of February 2022, in compliance with the recommendations issued by the European and national Authorities, the Group analysed and determined the possible impacts of the conflict on the forecast data, on the financial situation, on the economic results and on the fundamentals, also verifying any indirect effects of the crisis on the commercial activities of its customers operating on the markets involved.

With regard to the 2021 financial year, in light of the analyses carried out, there is no need to change the financial statement data or information given the non-existence in the Group's portfolio of securities or other financial assets that constitute exposures to countries involved in the conflict. Customer exposures to Russian counterparties are also extremely limited, both as regards loans and advances and in terms of securities and investment funds.

Due to the complexity and mutability of the situation, reliable forecasts cannot be drawn up at the current state of play. The sanctions and restrictions imposed affect both specific sectors and individual operators (entities/subjects); the extent of the involvement of our customers is still not clear, in the same way that the associated repercussions in terms of lower turnover or proceeds cannot be quantified. This is a *non-adjusting* event subsequent to the reference date of the financial statements. These conditions were therefore not reflected in the assessments of the financial statements, but were taken into consideration by the Group for the purpose of drafting the information on subsequent events.

The preparation of the consolidated financial statements requires the formulation of reasonable estimates and assumptions, based on the information available at the time they are drawn up and the adoption of subjective assessments, based on past experience, in order to achieve adequate recognition of operating events.

Risks, uncertainties and impacts of the COVID-19 pandemic
The health emergency resulting from the spread of the COVID-19 pandemic that heavily characterised the year 2020 continued into 2021, forcing many countries to confirm or re-adopt many of the restrictions implemented during the first wave of the virus.
Thanks to the spread of vaccines, the restrictions adopted by governments in 2021 were less stringent and had less adverse impacts in terms of the movement of people and for production activities.

From 2020, the COVID-19 pandemic has caused a general downturn in the stock markets and, at the same time, has increased volatility. The drastic decline in production and demand in numerous sectors, and the resulting drop in revenues and cash inflows, have generated a deep liquidity crisis for businesses and households. The European Union responded with a comprehensive package of measures to help businesses, workers and households in difficulty.

The banks were called upon to support the production system's liquidity crisis by setting up a channel for access to financial aid from the European Union and the governments of individual countries. The peak of the emergency has been thus overcome, leaving room in 2021 for a resumption of activities and an unexpected economic recovery.

Some of the measures adopted by the Italian government to support individuals and businesses involved the banking system as a vehicle for their implementation:

- Law Decree no. 18 of 17 March 2020, converted into Law no. 27 of 24 April 2020, the “Cura Italia” Decree, laying out measures to strengthen the national healthcare service and economic support for households, workers and businesses connected to the epidemiological emergency;
- Law Decree no. 23 of 8 April 2020, the “Liquidità” Decree, laying out urgent measures on access to credit and tax obligations for businesses, special powers in strategic sectors, as well as interventions concerning health and work, and extending administrative and procedural terms.

In order to deal with the economic consequences of the pandemic, the Italian Banking Association (ABI) promoted the signing of an agreement with the Trade

Unions and the Employers' Associations, based on which the banks participating in the initiative made the advance payment to entitled employees of the supplementary income benefits provided by the "Cura Italia" Decree.

Italian Law Decree no. 104 of 14 August 2020, the "August Decree", automatically extended the Cura Italia Decree's benefits from 30 September 2020 to 31 January 2021 for all SMEs submitting their requests by the date of entry into force of the decree. For other businesses, the deadline for submitting the application was 31 December 2020.
The 2021 Budget Law, Law no. 178 of 30 December 2020, applied a further extension of the suspensions until 30 June 2021. Companies that had not yet requested suspension could do so by 31 January 2021 under the terms and conditions envisaged in the Cura Italia Decree.

The persistence of the effects of the second wave of infections led the Italian Government to approve the "Sostegni bis" Law Decree - Law Decree no. 73 of 25 May 2021 - Clarifications regarding reporting to the Central Credit Register sets forth that companies which, on the date of entry into force of the aforementioned Decree, benefit from the support measures pursuant to art. 56, paragraph 2 of the Law Decree no. 1 of 17 March 2020, converted with amendments, by Law no. 27 of 24 April 2020, may request, by 15 June 2021, the extension of these measures until 31 December 2021.

After closely monitoring the developments of the COVID-19 pandemic and, in particular, the impact of the second wave of COVID-19 and related government restrictions adopted in many EU countries, the European Banking Authority (EBA) has decided to reactivate its guidelines on legislative and non-legislative moratoria. This reactivation will ensure that also loans that previously did not benefit from payment moratoria can now benefit from them.

The role of banks in ensuring the continued flow of loans to customers remains of the utmost importance and, with the re-enactment of these guidelines, the EBA recognises the exceptional circumstances of the second wave of COVID-19.
The revised EBA guidelines, applied until 31 March 2021, included additional safeguards against the risk of an undue increase in unrecognised losses on banks' balance sheets.

As the COVID-19 pandemic continues, it is imperative that banks continue to lend to the real economy, while acknowledging any solvency issues in order to ensure that problem loans are fully reflected in their balance sheets. Consequently, as part of the reactivation of its guidelines on legislative and non-legislative moratoria, the EBA has introduced two new constraints to ensure that the support provided by the moratoria is limited to filling the liquidity gaps triggered by the new lockdowns and that there are no operational restrictions on the continued availability of credit.

Only loans suspended, deferred or reduced on the basis of general payment moratoria not exceeding 9 months in total, including previously granted payment holidays, can benefit from the application of the Guidelines.

As at 31 December 2021, the loans of the Group subject to the COVID-19 moratorium in place, no longer compliant with the EBA GL, amounted to approximately € 115 million, 95% of which in stages 1 and 2. Of these, approximately € 111 million have a settlement date of 31 December 2021.

Credit institutions are advised to document their plans to their supervisor to assess that exposures subject to general payment moratoria do not become unlikely to pay. This requirement will allow supervisory authorities to take all appropriate actions.
The EBA's interventions, which were followed by further clarifications by the ABI, required the Group to analyse the portfolio of the ABI, Gasparrini and Cura Italia moratoria still in place and granted (or extended in the case of the Cura Italia Decree) after 30 September 2020, in order to identify the credit lines on which to insert the forbearance code.

The situation of uncertainty and volatility generated by the COVID-19 pandemic, which characterised the financial markets starting from the end of the first quarter of 2020, along with the perception of a generalised economic crisis, required a specific analysis in relation to the application of the international accounting standards and the identification of the accounting repercussions of the government’s numerous regulatory actions, and also reflections regarding sustainable business models.

In fact, also in 2021, the provision of more complete and accurate information in the Notes to the financial statements is compulsory both with regard to risks and uncertainties deriving from health emergency-related events, and in terms of the company's capacity to continue building a functional business that is expected to generate income.

An initial area of analysis was the verification of the going concern assumption and the consistency of the business models for the management of financial assets.
The extraordinary crisis situation caused by the pandemic caused the directors to evaluate the existence of events and circumstances limiting the company's capacity to continue to operate as a going concern within a time horizon of at least 12 months, taking into account all available information in relation to customer insolvency, changes and slowdowns in the business, market volatility and as a result the current and future profitability of the company.

Having considered the level of capitalisation to be satisfactory, and considering that the Group has a consolidated history of profitable business and privileged access to financial resources, as a commercial banking Group, the Directors reasonably expect, even in the current context of economic and financial crisis, the Group to continue to operate in the foreseeable future. Therefore, they have prepared the consolidated financial statements as at 31 December 2021 based on the going concern assumption.
Fully aware that the effects of the pandemic on business continuity are not particularly easy to define, although the peak of the emergency has now been objectively overcome, the Directors used a forward-looking procedure to assess the Group's capacity to continue operating as a going concern.

In December 2021, the Group approved the 2022-2024 Strategic Plan, focussing on the planning of activities and assessment of the sustainability of the business model in light of changed post-COVID-19 scenarios and structural changes under way in the reference market.

The new macroeconomic context is more favourable for households and businesses given the lower tensions on credit quality and rising market rates towards the end of the plan's horizon.

With regard to business development, the guidelines and levers of action of the 2022-2024 Group Strategic Plan make provision for:

- *personal finance*, with a forecast for the development of the mortgage loans sector for individuals and the salary and pension assignment loan product;
- *wealth management*, with the pursuit of growth in savings management with the aim of the progressive acquisition of market shares and with a growing advisory content and the adoption of commercial differentiation and process efficiency policies;
- the SME area, with the forecast of development of *corporate* activities by taking advantage of the market spaces deriving from concentration of the system, also thanks to the strengthening of dedicated structures, the restructuring of credit processes and specialised and agile lending, aimed at small and medium enterprises;
- the insurance sector, with forecast growth of volumes and margins in the non-life and *protection* insurance segment with improvement of both sales and post-sales processes, restructuring of distribution agreements and rationalisation / specialisation of the sales force.

In terms of competitiveness and efficiency, development is achieved through the following *drivers*:

- the *lean and project-driven* organisation, through *end-to-end* digital restructuring, to eliminate activities with low added value and to simplify work processes, the intense use of digital technology and data processing, the enhancement of organisational / technological *skills* available in the company, as well as agile *project management*;
- *change management*, with the direct involvement of the *top* and *middle management* in the organisational repositioning activity, also for the purpose of evolution of the *mindset*, and the strengthening of the training activity consistent with the objectives of the Plan, in terms of competitiveness and efficiency;
- constant monitoring of the cost base, with active *cost management* and comparison with comparable *benchmarks*, as well as enabling investments for the implementation of strategic initiatives with constant monitoring of the cost base to rationalise expenses, streamline processes and keep the cost/income ratio at *target* values;
- IT development, with new management of the primary interface between IT and users for the aspects of innovation generated by recent developments in the IT field and investments in operating platforms and activities aimed at

data management and operating process automation (with a focus on those deemed key to the objectives of the Plan).

Furthermore, the three-year plan envisages the evolution of the approach to ESG matters beyond the regulatory requirements, in order to concretely implement the corporate actions and objectives and in order to make it an integral part of the Group's strategies.

Finally, with regard to *asset quality*, in the last three years, significant actions have been implemented to reduce the amount of impaired loans with sales operations that have made it possible to reduce the gross NPL ratio by over 10 pp (9.3% in 2020 vs 19.5% in 2017). The disposals carried out in 2021, together with other active management and process efficiency actions, will further reduce the gross NPL ratio to levels below 5% by the end of 2023.

The evidence emerging from the aforementioned analyses and the business measures suggest that it may be possible to achieve significant balance sheet and income statement targets, and therefore full sustainability of the Group's business model in the post-COVID-19 scenarios.

Pursuant to IAS 1, these consolidated financial statements were drawn up under the assumption that the Group will be a going concern for a time period of at least 12 months from the date of their approval.

By their nature, the estimates and assumptions applied may vary from one period to another and, therefore, it cannot be ruled out that in subsequent periods the actual amounts stated in the consolidated financial statements may differ, even to a significant extent, as a result of changes in the reasonable subjective estimates, assessments and assessments made.
The main cases where it is necessary for the party drawing up the consolidated financial statements to use discretionary assessments are as follows:

- quantification of impairment losses on loans and, more generally, financial assets;
- determination of the fair value of financial instruments to use for disclosure purposes; in particular, the use of valuation models to measure the level 3 fair value of financial instruments not listed on active markets and for which there are no other parameters observable on the market that could be used in the valuation techniques;
- the estimates and assumptions used for the purpose of measuring the equity investments in relation to the verification of any impairment;
- quantification of provisions for risks and charges;
- demographic assumptions (linked to the forecast mortality of the population) and financial assumptions (deriving from the possible evolution of the financial markets) used to define provisions for personnel;
- estimates and assumptions used to assess the recoverable amount of goodwill;
- estimates and assumptions on the recoverability of deferred tax assets.

The amount of the effect on future years deriving from the possible change in those valuations is not reported, as it is currently not possible to make such estimate. To identify the impacts of the current market context on owned real estate assets and rights of use pursuant to IFRS 16, analyses were conducted on the economic situation, the trend in real estate market prices and transactions in relation to the territorial distribution of the properties owned by the Bank and rights of use.

In the third quarter of 2021, thanks to the mitigation of the COVID-19 pandemic due to the progress of the vaccination campaigns, which the great majority of the Italian population has responsibly adhered to, there was a general restart of the national and European economy, with the real estate market exhibiting an unexpected rate of expansion, bringing sales volumes back to higher levels even in the corresponding "pre-COVID" quarters.

As regards the real estate market, the latest available EUROSTAT figures on nominal house prices refer to the second quarter of 2021 and, for the EU, in terms of year-on-year changes (second quarter 2021 compared to the second quarter 2020), still show an increase of 6.8% in the Eurozone, marking a fresh high since 2010. Also in Italy, house prices, in the second quarter of 2021, show a positive trend-based rate, even if well below the European average (+1.7% compared to the first quarter of 2020, according to ISTAT).

The trend-based increase in house prices is attributable, in particular, to those of new houses (+2.0%, slowing from +4.0% in the first quarter); the prices of existing homes also grew slightly (+0.1%) and also slowed down (+1.2% in the previous quarter).

Overall, in this quarter, a decisive rebound in the volumes of houses bought and sold emerges, compared with the corresponding period of 2020, which, however, should not be overlooked; it was the quarter characterised by the abrupt halt in social and economic activities due to the onset of the COVID-19 pandemic.

In the third quarter of 2021, the trend-based rate of sales in the residential sector remains largely positive, registering growth of 21.9% compared to the same quarter of 2020, with a total of over 172 thousand houses bought and sold. Also in comparison with the houses sold in the same quarter of 2019, the trend-based rate remains broadly positive, with an increase of over 25%. Approximately 31,000 more houses were purchased in the third quarter of 2021 compared to the same quarter of 2020, 35,000 more when compared to 2019. As regards the Group, as a consequence of the COVID-19 pandemic, in 2020 and 2021 the activities in the branches and agencies were not reduced; the number and method of customer access was restricted as required by government regulations issued from time to time. No branches or agencies were closed nor was the space used by or available to them for their operations reduced. The branch or agency closures in 2021 were envisaged in the strategic plan. In relation to real estate assets and rights of use, there were, therefore, no trigger events requiring any impairment testing. Cost management activity continued, as in 2020, for the renegotiation of lease payables, provided for in the strategic plan.

The financial market crisis linked to the COVID-19 pandemic had the significant impact of reducing future cash flows and increasing credit risk as well as liquidity risk.

The Authorities took no action in terms of changing models and methodologies for determining fair value linked to the Covid-19 pandemic situation: in light of the lack of changes in the reference accounting standard, the variables to be taken into consideration in valuations are an increase in credit, interest rate and liquidity risk, an increase in uncertainty in developing short-term economic and financial forecasts and negative exchange rate risk trends.

As at 31 December 2021, the Group's government securities portfolio consisted entirely of EU member state government bonds (88% Italian) of which 53% classified at amortised cost (HTC) and the remaining 47% in the FVOCI portfolio. 12% of all portfolios consist of government bonds from France, Greece and Romania.

The sensitivity analyses performed did not result in any change in the fair value measurement models, which therefore marked continuity in company policies.
Impairment on the securities in the portfolio was calculated on the basis of the PD and LGD risk parameters provided by the info-provider Prometeia: during the course of 2021, the PD value associated with the Italian State (linked to the trend in Italy 5-year CDS) remained at values consistently below the one registered at the end of the previous year. As at 31 December 2021, it recorded a value substantially in line with that of the end of the previous quarter and still marginally lower than that of the end of the first half of 2021. As concerns hedge accounting, hedges (fair value hedging) consist of IRS type derivatives covering interest rate risk linked to Italian government bonds present in the securities portfolio and bond issues of the Group, respectively. There are no macro-hedges.

The coverage of *performing* loans (Stage 1 and Stage 2) as at 31 December 2021 reflects some elements deriving from the instruments adopted by the Group to include the uncertainties deriving from the future evolution of the Coronavirus pandemic in the measurement of loans.
In this context, the Group has adopted various instruments to incorporate, in the measurement of *performing* loans, any future effects attributable to the economic consequences of the pandemic, maintaining the objective of a measurement of receivables in line with international accounting standards.

The coverage of *performing* loans (Stage 1 and Stage 2) as at December 2021 reflects some elements deriving from the expectations of the future trend of the economic cycle, a clear improvement compared to the forecasts incorporated in the measurement of performing loans of the previous financial statements. As is well known, restrictions were imposed during the year 2020 aimed at containing the spread of the pandemic, with severe repercussions on certain sectors of economic activity. At the same time, the Government had introduced some measures to support the economy, including the “legal” moratoria and the facilitation of access to credit through state-type guarantees. In this context, the Group had promptly adopted various tools to incorporate any future effects attributable to the economic repercussions of the pandemic into the measurement of *performing loans*, while preserving a credit valuation methodology in line with international accounting standards. In light of the initial final macroeconomic data at the end of 2021, and taking into consideration the macroeconomic expectations for the years to come, which show significant growth rates in gross domestic product, together with a reduction in the unemployment rate and taxes for families, an improvement was noted in portfolio risk and the related natural reduction in the value of hedges.

The trend in hedging can be analysed in economic terms using the following elements:

- the natural replacement of loans according to ordinary credit disbursement activity, for which the new product naturally replaces the mature loan that is extinguished and any riskier loans that migrate to the default status. This phenomenon is to be observed in the context of growth in loans;
- a reduction in the riskiness of the portfolio following a natural mitigation of the potential negative effects of the pandemic in the long-term on the Group's loans, in a macroeconomic context that shows growth expectations. The partial abatement of the impacts of COVID-19 on the measurement of loans is mainly due to the reduction in the amount of loans subject to moratorium and the increase in the portion of credit exposure backed by a state guarantee. It should be noted that, in response to the continuing uncertainty about the actual end of the pandemic, which over time, has been reduced but not eliminated, the Group has not eliminated the *staging assignment* rules linked to the health crisis. In fact, the following prudential choices regarding the classification of performing loans remain in place:
    - classification in Stage 2 of all relationships relating to counterparties in given sectors of economic activity, especially hard hit by the pandemic crisis, and with a low credit standing (rating ≥ 8). The sectors in question have been identified by the Sales Department, Loans Department and Group Risk Management Services, among those most exposed to a gradual deterioration in sector default rates due to the COVID-19 pandemic;
    - the forced maintenance of the classification in Stage 2 of all relationships with a COVID moratorium in place and classified in Stage 2 in the previous financial statements. In fact, as regards government aid, in certain cases, natural improvement in the credit rating indicators could occur, typically relating to internal and external rating performance modules of rating models. This possible “cure” effect, i.e. the return to Stage 1 of positions initially in Stage 2, attributable to the relief of the burden of debt following the moratorium, is not intended to be a cause for a reduction in the provision.

These *staging assignment* rules, introduced to anticipate and therefore correctly grasp the effects of the Coronavirus pandemic, have an overall effect of increasing the provision by approximately € 4 million, assessed year on year.

- the updating of risk parameters as regards the macroeconomic component, relating to the updating of forecast scenarios. Consistently with the methodology for calculating the risk parameters, and in line with the choices made by the Banking System, the Group has updated the *forward-looking* risk parameters with input data that show reassuring growth expectations for the main macroeconomic indices. Based on this update, the methodologies for estimating the parameters remain unchanged, which make provision for a multi-scenario approach through an appropriate weighting of the forecast scenarios consistent with the context of uncertainty about the actual end of the pandemic (40% *DOWN* scenario, 10% *UP* scenario, 50% BASELINE scenario). It should also be noted that 2021 saw the transition to production and the full adoption on the entire credit portfolio of the new PD AIRB version 2.2 models for the three segments Corporate, Retail Enterprises and Private entities. These models have been estimated on more up-to-date historical series, if compared to the previous ones, and incorporate the recent years of observation of default rates, which are improving.

As regards the analytical estimate of recoveries from direct management of impaired loans, with the adoption in October 2021 of the new Policies for the Classification and Measurement of Loans to Ordinary Customers, criteria more closely based on a *forward-looking* approach were introduced.
This, together with the periodic updating of the potential sale values of the properties as collateral and the consequent incorporation of recent market trends, eliminated the need, at the time of drafting of the consolidated financial statements as at 31 December 2021, to apply some corrective measures, *post-model*, based on a separate estimate of the possible impacts associated with the COVID-19 emergency.

Similarly, again with regard to the measurement of impaired loans, the estimate of the prices to be used in the context of alternative disposal scenarios is based on updated parameters which, having now metabolised the effects of the pandemic scenario, ensure that the calculation model produces valuations entirely in line with what has recently been observed on the NPE disposal market. Also in this case, therefore, it was possible to overcome the need to apply "COVID scenario" corrections to these parameters, as was the case when the latter were still based on observations dating back to the pre-pandemic period.

For non-financial assets, considering the extraordinary nature of the impacts of the pandemic on the stock markets and the ensuing economic crisis, the Group verified the presence of elements indicating impairment of non-financial assets.

Specifically, the DTAs recognised in the consolidated financial statement assets were subject to *probability testing*, taking into account the new plan and economic and financial projections updated as a result of the changed economic context due to COVID-19: the test confirmed that future profitability guarantees the re-absorption of deferred taxation recognised as at 31 December 2021. In line with the group policies and the provisions of IAS 36 and the Exposure Draft of 10 July 2020 issued by the Italian Assessment Body, the planned *impairment test* activities were carried out in relation to intangible assets and goodwill.

The impairment test was conducted with reference to the configuration of *value in use*, determined on the basis of the *Dividend Discount Model* (DDM) methodology, developed based on the 2021 balance sheets of the CGU and the update of the economic and capital projections developed in line with the 2022-2024 strategic plan approved by the Board of Directors and inclusive of the effects of the COVID-19 pandemic.

The valuation parameters were updated on the basis of the market situations at the reporting date. The analyses did not bring to light elements indicating that intangible assets or goodwill had suffered impairment.

The inclusion of a forward-looking estimate relating to the potential effects of the COVID-19 crisis in the measurement process for loans to customers led in particular to:

- a review of the loans subject to future assignment;
- downward review of expected prices to be associated with the assignment sub-scenarios;
- a negative adjustment, calculated on an analytical-statistical basis to amounts recoverable from internal management (determined using the usual analytical and analytical-statistical valuation approaches);
- updating of the macroeconomic scenarios based on statistical valuation models for performing loans and analytical-statistical valuations of non-performing loans.

In reference to IAS 19, the COVID-19 pandemic also had effects on the determination of actuarial gains/losses linked to employee severance indemnities, as an additional element of uncertainty in the Group's assessments.

In particular, the actuarial gains and losses related to the employee severance indemnity provision are, for the year 2021, substantially determined by changes in the financial assumptions, due to the trend in rates which in turn reflected the uncertainty caused by the COVID-19 pandemic. Among the main actuarial assumptions (details of which can be found in Part B - Section 10 - Provisions for risks and charges - Item 100), the Banca di Asti Group uses the weighted average of the EUR Composite AA rate curve as at 31 December 2021 as its discount rate, and uses as weights the ratios between amount paid and advanced for each due date and the total amount to be paid and advanced up to full settlement of the population considered.

Contractual modifications deriving from COVID-19

1 - Contractual modifications and derecognition (IFRS 9)

The measures adopted by the government in response to the spread of COVID-19 in favour of individuals and businesses were assessed by the Group in light of IFRS 9 also with reference to the matters of *Modification* and *Derecognition*.

Through the banks, the government activated moratoria and suspensions on mortgages and loans for individuals and businesses. According to IFRS 9, when there is a modification in the contractual cash flows of a financial asset, the modification may alternatively:

- not result in the derecognition of the financial asset, making it necessary to recalculate the gross book value of the financial asset and recognise a profit or loss in the income statement deriving from the modification. The gross book value to be recalculated is the present value of the modified cash flows discounted at the original effective interest rate of the financial asset;
- result in the derecognition of the financial asset, making it necessary to recognise the financial asset as a new financial asset.

Whether the first or second option is selected depends on how substantial the contractual modification is. A modification can be deemed substantial, changing the rules set forth for financial liabilities, when the value of the cash flows, discounted at the original IRR of the modified asset, differs by more than 10% from the value of the discounted cash flows of the asset prior to the modification.

As specified by ESMA in its communication of 25 March 2020, when the support measures provide temporary relief to borrowers struck by the pandemic and the net economic value of the loan is not significantly influenced, it is unlikely that the modification is substantial.

In the moratoria granted to customers by the Group, either due to the "Cura Italia" decree or due to the conventions of the trade associations and those provided on a voluntary basis, the Group did not waive part of the loan or waive the accrual of interest on the deferred instalments. When principal components and interest accrued and to be accrued on the payment deferment/suspension are not waived, the modification loss is minimal or null.

The moratoria were applied under a system of financial equivalence, and therefore the impact of the modification loss is minimal: the analyses performed on several loans subject to legal moratoria and voluntary moratoria confirmed that the impact, calculated as the difference between the gross book value of the loan prior to the modification discounted at the original IRR and the gross book value of the loan after the moratorium discounted at the original IRR is not material.
As these are not material amounts, calculated without the support of IT procedures, no "Profits/losses from contractual changes without derecognition" were recognised in income statement item 140.

2 - Amendment to IFRS 16

Regulation (EC) 1126/2008 (IFRS 16) was amended by Commission Regulation no. 1434/2020, envisaging a practical expedient for lease agreements. The amendment to IFRS 16 concerns the assessment of lease changes applied by the lessee and envisages that the latter can, as a practical expedient, opt not to assess whether a suspension of lease payments constitutes a change to the lease if the payment suspension is a direct result of the COVID-19 pandemic.

Opting for the practical expedient means that the difference between the old and new payment plans can be recognised in the income statement.
The practical expedient can only be used if the following conditions are satisfied:

- the change in lease payments due results in a review of the lease consideration, which is essentially equal to or less than the lease consideration immediately prior to the change;
- any reduction in lease payments due refers solely to payments originally due prior to 30 June 2021;
- there is no substantial change to the other terms and conditions of the lease.

In 2021, the Group had no lease payment renegotiations as a direct consequence of the COVID-19 pandemic and therefore did not perform assessments that could have led to application of the practical expedient.

The Group applies “domestic tax consolidation”, governed by articles 117-129 of the Consolidated Income Tax Act introduced by Italian Legislative Decree no. 344/2003, as amended. This consists of an optional regime, under which the total net tax income or loss of each investee participating in the tax consolidation is transferred to the parent company, on which a single taxable income or single tax loss that may be carried forward is determined and, as a result, a single tax liability/credit.
In addition to the Parent Company, the option involves the investee company Pitagora S.p.A. and the company Immobiliare Maristella S.r.l.

At the date of these consolidated financial statements there are no new entries to the tax consolidation; the subsidiary Biverbanca was incorporated in November 2021 through a merger by incorporation by the Parent Company Banca di Asti.

The criteria adopted for drawing up the consolidated financial statements, in application of the accounting standards IAS/IFRS in force at the date of preparation of this document, communicated to the Board of Statutory Auditors, are illustrated below.

1 - Financial assets measured at fair value through profit or loss (*FVTPL*)

Classification criteria: this category includes financial assets other than those classified under financial assets measured at fair value through other comprehensive income and under financial assets measured at amortised cost.
This item includes:

- financial assets held for trading and the positive value of derivatives. These are financial assets (debt securities, equity securities and units of UCITS) held for the purpose of realising cash flows through their sale, and obtaining a profit in the short term. These are financial assets associated with the "*Others*" business model;
- financial assets designated at fair value, comprised of debt securities and loans, which on initial recognition are irrevocably designated at fair value when that designation is required to eliminate or drastically reduce inconsistency in valuation;
- financial assets mandatorily measured at fair value, represented debt securities, loans or units of UCITS that do not meet the requirements for measurement at amortised cost or fair value through other comprehensive income. These are financial assets with contractual terms that not only require the repayment of principal and payment of interest flows calculated on the amount of principal to be repaid, or which are held under the *Hold to Collect and Sell* model.

The accounting standard IFRS 9 does not permit the reclassification of financial assets to other categories, save for cases where the entity changes its business model with regard to the management of such assets. On the occurrence of those events, which are not very frequent, financial assets measured at fair value through profit or loss may be reclassified to one of the other two categories of financial assets measured at amortised cost or financial assets measured at fair value through other comprehensive income. The transfer value is represented by the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the first reporting date following the change in the business model. In this case, the effective interest rate of the reclassified financial asset is calculated based on its fair value at the reclassification date and this date is considered as the initial recognition date in assigning it to the various credit risk stages for purposes of impairment.

Recognition criteria: financial assets measured at fair value through profit or loss are initially recognised at the settlement date, if settled with time frames used in market practice (regular way); otherwise at the trade date. In the event of recognition of financial assets at the settlement date, the profits and losses recognised from the trade date to the settlement date are charged to the income statement.

Financial assets measured at fair value through profit or loss are initially recognised at fair value, which generally equals the consideration paid. The related transaction costs or income is posted directly to the income statement.

Measurement criteria and revenue recognition criteria: subsequent to initial recognition, financial assets measured at fair value through profit or loss are measured at fair value. In the event that the fair value of a financial asset is negative, that financial instrument is recorded as a financial liability. The effects of applying this measurement approach are recorded in the income statement.
For more information on the business models, the methods of determining expected losses and impairment, refer to paragraph 15 – Other information.
The fair value of financial instruments is determined in line with that set out in section "A.4 - Information on fair value".

Derecognition criteria: financial assets are derecognised when the right to receive cash flows no longer exists, or where all the risks and benefits connected with holding those specific assets are substantially transferred.

2 - Financial assets measured at fair value through other comprehensive income (*FVOCI*)

Classification criteria: this category includes debt securities and loans that meet both of the following two conditions:

- they are held under a business model that envisages both the collection of cash flows set out by contract and the sale (*HTCS*);
- the contractual terms and conditions of the financial assets require, at specific dates, the collection of cash flows solely comprised of payment of principal and interest on the amount of principal to be repaid (passing the *SPPI test*).

This item also includes equity instruments, not held for trading purposes, for which the option to designate at fair value through other comprehensive income was exercised at the time of initial recognition. This option is irrevocable.
The accounting standard IFRS 9 does not permit the reclassification of financial assets to other categories, save for cases where the entity changes its business model with regard to the management of such assets. On the occurrence of those events, which are not very frequent, financial assets measured at fair value through other comprehensive income may be reclassified to one of the other two categories of financial assets measured at amortised cost or financial assets measured at fair value through profit or loss. The transfer value is represented by the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the first reporting date following the change in the business model. If assets are reclassified from this category to the amortised cost category, the cumulative gain (loss) recorded in the valuation reserve is adjusted to the fair value of the financial asset at the reclassification date. In the case of reclassification in the category of fair value through profit or loss, the accrued profit (loss) previously recorded in the valuation reserve is reclassified from shareholders' equity to profit (loss) for the year.
Equity securities for which the option was exercised cannot be reclassified.

Recognition criteria: financial assets measured at fair value through other comprehensive income (*FVOCI*) are initially recognised at the settlement date, if settled with time frames used in market practice (regular way); otherwise at the trade date. In the event of recognition of financial assets at the settlement date, the profits and losses recognised from the trade date to the settlement date are charged to shareholders' equity.
Financial assets measured at fair value through other comprehensive income are initially recognised at fair value, which generally equals the consideration paid, including transaction costs or income.

Measurement criteria and revenue recognition criteria: following initial recognition, financial assets measured at fair value through other comprehensive income other than equity securities are recorded using the amortised cost method, and are valued at fair value. The effects of a change in fair value are recognised in a specific shareholders' equity reserve up to the time the financial asset is derecognised. Instead, the effects deriving from the calculation of amortised cost and those relating to impairment are recognised in the income statement.
Equity instruments for which the irrevocable option of classification under financial assets measured at fair value through other comprehensive income was exercised are measured at fair value with impact on a specific shareholders' equity reserve, which must never be transferred to the income statement, even in the event of derecognition due to the sale of the financial asset. For these equity instruments, the only components that continue to be recognised in the income statement are represented by dividends.
The fair value of financial instruments is determined in line with that set out in section “A.4 - Information on fair value”.
Debt securities and loans classified under financial assets measured at fair value through other comprehensive income are tested, at the end of each reporting period, for a significant increase in credit risk, recognising the resulting adjustment in the income statement. For financial assets classified in stage 1, the expected loss recognised is that with a time horizon of 12 months. For financial assets classified in stages 2 and 3, the expected loss recognised is that with a time horizon equal to the entire residual life of the financial instrument.
For more information on the business models, the methods of determining expected losses and impairment, refer to paragraph 15 – Other information.

Derecognition criteria: financial assets are derecognised when the right to receive cash flows no longer exists, or where all the risks and benefits connected with holding those specific assets are substantially transferred.

3 - Financial assets measured at amortised cost

Classification criteria: this category includes debt securities and loans that meet both of the following two conditions:

- they are held under a business model that envisages the collection of cash flows set out by contract (*Hold to Collect*);

- the contractual terms and conditions of the financial assets require, at specific dates, the collection of cash flows solely comprised of payment of principal and interest on the amount of principal to be repaid (passing the *SPPI test*).

This item comprises loans and advances to banks and loans and advances to customers disbursed directly or acquired from third parties, trade receivables, contangos, repurchase agreements and operating loans connected with the provision of financial services.

IFRS 9 does not permit the reclassification of financial assets to other categories, save for cases where the entity changes its business model with regard to the management of such assets. On the occurrence of those events, which are not very frequent, financial assets measured at amortised cost may be reclassified to one of the other two categories of financial assets measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss. The transfer value is represented by the fair value at the time of the reclassification and the effects of the reclassification apply prospectively from the first reporting date following the change in the business model. Profits and losses resulting from the difference between the amortised cost of a financial asset and its fair value are recognised in the income statement in the event of reclassification under Financial assets measured at fair value through profit or loss and in Shareholders' equity, in the specific valuation reserve, in the event of reclassification under Financial assets measured at fair value through other comprehensive income.

Recognition criteria: financial assets measured at amortised cost are recognised only when the Group becomes a party to the loan agreement. This means that the loan must be unconditional and that the Group acquires the right to payment of the contractually agreed amounts.
Loans are initially recognised on the disbursement date or, for debt securities, the settlement date, based on their fair value, which normally equals the amount disbursed or the subscription price, including the transaction costs/income directly attributable or determinable from the origin of the transaction, even if liquidated at a later time. This includes costs which, though having the above characteristics, are repaid by the borrower. In the event of receivables deriving from the sales of goods or the provision of services, the recognition is connected with the moment of sale or completion of the provision of service and, that is, the time in which it is possible to recognise the income and, as a result, the right to receive it arises.

Measurement criteria and revenue recognition criteria: following initial recognition, the financial assets are measured at amortised cost using the effective interest rate method. The amortised cost is equal to the value originally recognised - decreased by the repayments of principal and value adjustments, and increased by any recoveries - and the amortisation of the difference between the amount disbursed and that repayable on maturity, attributable to directly attributable

transaction costs/income. The effects deriving from the calculation of amortised cost and those relating to impairment are recognised in the income statement.
At each reporting date, financial assets measured at amortised cost are tested for a significant increase in credit risk, recognising in the income statement the resulting adjustment pursuant to the rules set out by IFRS 9. For financial assets classified in stage 1, the expected loss recognised is that with a time horizon of 12 months. For financial assets classified in stages 2 and 3, the expected loss recognised is that with a time horizon equal to the entire residual life of the financial instrument.
The amount of value adjustments is equal to the difference between the carrying amount of the assets at the time of valuation and the present value of expected cash flows. In the event of value adjustments, the carrying amount of the asset is decreased by establishing a bad debt provision that adjusts the asset and the amount of that adjustment is recorded in the income statement. Where, in a subsequent period, the amount of that value adjustment decreases, and that decrease is objectively attributable to an event that occurred following the determination of the write-down, such as an improvement in the borrower's creditworthiness, the value adjustment previously recorded is eliminated or reduced by recording a recovery in the income statement. That recovery cannot, in any case, exceed the amortised cost that the receivable would have had in the absence of the previous adjustments.
For more information on the business models, the methods of determining expected losses and impairment, refer to paragraph 15 – Other information.

Derecognition criteria: financial assets are derecognised when the right to receive cash flows no longer exists, or where all the risks and benefits connected with holding those specific assets are substantially transferred, or when the receivable is considered definitely irrecoverable after all the necessary recovery procedures have been completed.
Conversely, where legally the ownership of the receivables has been effectively transferred but the Group substantially retains all the risks and benefits, the receivables continue to be recognised under assets, recording a liability for the consideration received from the purchaser. In particular, the Group includes securitised loans among its loans and advances to customers. As an offsetting entry to those loans, a liability was posted under the item "Deposits from customers", net of the value of the securities issued by the vehicle (SPV) and repurchased by the Group, and net of cash reserves.

4 - Hedging transactions

The Group opted to apply the option set out in IFRS 9 to continue to fully apply the provisions of IAS 39 on hedge accounting.

Type of hedge: risk-hedging transactions are aimed at offsetting any potential losses on a certain element or group of elements that may arise from a specific risk, with the profits made on a different element or group of elements, should that particular risk effectively occur. The possible types of hedges used by the Group are:

- *cash flow hedges*, the objective of which is to stabilise the flow of interest of floating rate funding, to the extent to which the latter finances fixed rate loans;
- *fair value hedges*, the objective of which is to hedge the exposure to changes in fair value of an item at the reporting date.

For all types of hedge transactions, in the phase of FTA of IFRS 9, the Group opted to apply, in line with the past, the provisions of IAS 39 (carve-out) on hedge accounting.

Recognition criteria: hedging financial derivatives, like all derivatives, are initially recorded and subsequently measured at fair value.

Measurement criteria: hedging derivatives are measured at fair value.
In cash flow hedges, changes in the fair value of the derivative are charged to shareholders' equity, to the extent that the hedge is effective, and are recognised in the income statement only when, with regard to the hedged item, there is a change in the cash flows to be offset or when the hedge is ineffective. The derivative instrument is designated as a hedging instrument if there is official documentation regarding the connection between the instrument hedged and said hedging instrument, and if it is effective at the moment in which the hedging begins and throughout the life of the same.
The effectiveness of the hedge is documented by assessing the comparison of the changes in cash flows of derivatives attributed to the specific years, and the changes in cash flows of the planned, hedged transactions.
The hedged instrument is recognised at amortised cost.
In the case of fair value hedging, the changes in the fair value of the hedged asset are offset by the changes in the fair value of the hedging instrument. This offsetting is recognised by recording the changes in value in the income statement, for both the item hedged (as regards changes produced by the hedged risk factor) and the hedging instrument. Any differences, which represent the partial ineffectiveness of the hedge, constitute the net economic result.
The effectiveness of *cash flow hedges* and *fair value hedges* is assessed at each reporting date: if the tests do not confirm the hedge effectiveness, from that time, the recording of the hedging transactions, in accordance with that shown above, is stopped and the portion of the derivative contract that is no longer a hedge (*over hedging*) is reclassified under trading instruments. If the interruption of the hedge relationship is due to the sale or extinction of the hedging instrument, the hedged instrument ceases to be hedged and is once again measured according to the criteria of the portfolio it is assigned to.
Derivatives which are considered as hedging instruments from an economic viewpoint because they are operationally linked with financial liabilities measured at fair value (*Fair Value Option*) are classified among trading derivatives; the respective positive and negative differentials or margins accrued until the end of the reporting period are recognised, in accordance with their hedging purpose, as interest income and interest expense, while valuation gains and losses are posted

under the income statement, “Net profit (loss) from financial assets and liabilities measured at fair value”.

5 - Equity investments

Classification criteria: the term equity investments means investments in the capital of other companies, generally represented by shares or units, and classified as controlling interests or stakes in associates. The following definitions are used, in particular:

- subsidiary: company over which the parent exercises “dominant control”, i.e. the power to determine the administrative and management decisions and obtain the related benefits;
- associate: company in which the investor holds significant influence but which is not a subsidiary or a joint venture for the investor.
  In order to hold significant influence, direct ownership, or indirect ownership through subsidiaries, of 20% or the majority share of votes that can be exercised in the shareholders’ meeting of the investee must be held.

Other minor equity investments receive the treatment set out in IFRS 9, are classified among Financial assets measured at fair value through profit or loss (FVTPL) or Financial assets measured at fair value through other comprehensive income (FVOCI).

Recognition criteria: equity investments are initially recognised on the settlement date, if traded with the time frames used in market practice (regular way); otherwise at the trade date.
Equity investments are initially recognised at cost.

Measurement criteria and revenue recognition criteria: equity investments in subsidiaries or associates are measured at cost, possibly adjusted due to impairment.
If objective evidence of impairment indicates that there may have been a loss in value of an equity investment, then the recoverable amount of the investment is estimated, taking into consideration the present value of future cash flows that the investment may generate, including the final disposal value of the investment (impairment test).

Where insufficient information is available, the value of shareholders’ equity of the company is used as the value in use.
If the recoverable amount is lower than the carrying amount, the difference is recognised in the income statement under item 220 “Gains (losses) on equity investments”.
Where the reasons for the impairment no longer apply as a result of an event occurring following the recognition of a value adjustment, the related recoveries are posted to the same income statement item, but within the limit of the cost of the equity investment prior to the write-down.
Dividends of investees are recorded during the year in which they are decided, in the income statement, under item 70 “Dividends and similar income”.

Derecognition criteria: equity investments are derecognised when the contractual rights to the cash flows deriving from the assets expire, or where the equity investment is sold, substantially transferring all the connected risks and benefits.

6 - Property, plant and equipment

Classification criteria: this item mainly includes land, buildings used in the business and those held for investment, plant, vehicles, furniture, furnishings and equipment of any type, and the rights of use acquired through leases, relating to the use of property, plant and equipment pursuant to IFRS 16.
Assets held for use in supplying goods and services, or for administrative purposes are defined as used in the business, while investment assets include properties held for the purpose of receiving rents, to appreciate the capital invested or for both reasons.

Recognition criteria: property, plant and equipment are initially recognised at the purchase or manufacture cost, including all possible additional charges directly attributable to the purchase and start-up of the asset.
Extraordinary maintenance expenses are included in the carrying amount of the asset or recorded as separate assets, as appropriate, only when it is likely that the associated future economic benefits will flow to the company and the cost can be reliably assessed. Expenses for repairs, maintenance or other works to guarantee the operation of the assets are posted to the income statement in the year they are incurred.

The depreciation process is not carried out on low value operating assets. As a result, their value is posted in the income statement for the year of purchase, when their exclusion is deemed irrelevant or insignificant for the purposes of improving disclosure.

Measurement criteria and revenue recognition criteria: following initial recognition, property, plant and equipment, including properties not used in the business, are posted at cost, net of the total amount of depreciation and accumulated impairment. Property, plant and equipment are systematically depreciated over their useful lives, on a straight-line basis. Land is not depreciated, whether acquired separately or incorporated into the value of the buildings, since it has an indefinite life. Works of art are not depreciated, as their useful life cannot be estimated and the related value is usually bound to increase over time.
In the case of detached properties for which the Group fully owns the land, but whose value is incorporated in the value of the buildings, by virtue of the application of the component approach, these should be considered as assets that can be separated. In that case, the division of the value of the land and the value of the building is carried out based on a specific appraisal conducted by the competent function.

The depreciation process begins when the asset is available and ready for use, i.e. when it is in the place and in the conditions necessary to be operated. In the first year, depreciation is recognised in proportion to the period of actual use of the asset.
Assets subject to depreciation are adjusted for possible impairment each time events or changes in situations indicate that the carrying amount might not be recoverable. Impairment losses are recognised in amounts equal to the excess of the carrying amount over the recoverable amount. Any adjustments are posted to the income statement.
Where the reasons for impairment cease to exist, a reversal is recognised, which shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior periods.

Derecognition criteria: fixed assets are derecognised from the balance sheet at the time of sale or when they are permanently retired from use and, as a result, no future economic benefits are expected to derive from their sale or use. Capital gains and losses deriving from the disposal or sale of property, plant and equipment are calculated as the difference between the net sale price and the carrying amount of the asset and are recorded in the income statement on the same date in which they are eliminated from the accounts.

7 - Intangible assets

Classification criteria: intangible assets are identifiable, non-monetary assets without physical substance that are held for use over several years. Intangible assets also include goodwill, which represents the positive difference between the cost and the fair value of the assets and liabilities of an acquired company at the purchase date.

Recognition criteria: **intangible assets are recorded at cost, adjusted for any related charges only if it is probable that the future economic benefits attributable to the assets will materialise and if the cost of the asset can be reliably determined.**
The cost of intangible assets is otherwise posted to the income statement in the reporting period it was incurred.
Goodwill is posted among assets when it results from acquisitions of businesses in accordance with the principles of determination indicated by IFRS 3, when the residual surplus between the overall cost incurred for the transaction and the net fair value of the assets and liabilities acquired comprising companies or divisions represents their future income capacity.
Intangible assets with finite useful life include investments in software, surface rights relating to the land where the Company's Branch no. 13 of Asti is located, those representing customer relationships, comprising the valuation, on the acquisition of the division, of asset management and assets under custody accounts, core deposits and core overdrafts, fixed assets in progress and expenses for the renovation of third party assets.

Measurement criteria and revenue recognition criteria: following initial recognition, intangible assets with finite useful life are recognised at cost, net of the total amount of amortisation and cumulative impairment.
Amortisation is carried out on a straight-line basis, which reflects the long-term use of the asset, based on the estimated useful life.
At each reporting date, it is tested whether the intangible asset can effectively still be used and that the company still intends to use it for the period of time from the reporting date to the date originally planned for the end of its use.
Where the recoverable amount is lower than the carrying amount, the amount of the loss is recognised in the income statement.

The goodwill recognised is not subject to amortisation, but its carrying amount is subject to impairment testing annually or more frequently, when there are signs of impairment. The amount of the impairment loss is determined by the difference between the carrying amount and its recoverable amount, if lower, and is posted to the income statement. The recoverable amount is understood as the higher of the cash generating unit's fair value, less costs to sell, and its value in use. Value in use is the present value of future cash flows expected to arise from the years of operation of the cash generating unit and its disposal at the end of its useful life. The recognition of any subsequent recoveries is not permitted.

Derecognition criteria: intangible assets are derecognised from the balance sheet at the time of sale, or when no future economic benefits are expected. Capital gains and losses deriving from the disposal or sale of intangible assets are calculated as the difference between the net sale price and the carrying amount of the asset.

8 - Non-current assets held for sale and discontinued operations

Classification criteria: individual non-current assets (tangible, intangible and financial) or groups of assets held for sale are classified under this item, with the related associated liabilities, as regulated by IFRS 5.

These are assets or groups of assets for which a divestment process has been initiated and their sale is considered highly probable. These assets are valued at the lower of their book value and their fair value less costs to sell, with the exception of certain types of assets (e.g. financial assets falling within the scope of application of IFRS 9) for which IFRS 5 specifically provides that the measurement criteria of the relevant accounting standard must be applied.
Non-current assets and discontinued operations may include portfolios of assets for which there are no listings in an active market. In this case, they are measured at fair value by referring, in the presence of an agreement reached with the acquiring counterpart, to the sale prices resulting from this agreement; in the absence of an agreement, applying specific valuation techniques based on the asset and, if necessary, making use of external fairness opinions.
Income and charges (net of the tax effect), attributable to discontinued operations or recognised as such during the year, are shown in the income statement in a separate item.

Income taxes are comprised of the balance of current and deferred taxes. These are recorded as costs on an accruals basis, in line with the method of recording of costs and revenues that generated them in the financial statements.

9 - Current and deferred tax

Current tax

"Current tax assets and liabilities" are recognised at the value payable or recoverable for tax profits (losses), applying the tax rates and tax regulations in force regarding income taxes. Effectively, these are taxes that are expected to be reported on the tax returns.
Current tax that has not yet been fully or partially paid at the reporting date is included under "Current tax liabilities" in the balance sheet. In the event of excess payments that gave rise to a recoverable credit, such credit is recorded under "Current tax assets" in the balance sheet.
The parent company Cassa di Risparmio di Asti S.p.A. and the companies Biver Banca S.p.A., Pitagora S.p.A. and Immobiliare Maristella S.r.l., part of the Cassa di Risparmio di Asti Group, renewed the option to adopt the "Domestic Tax Consolidation" also for 2020. This regime is governed by articles 117-129 of the Consolidated Income Tax Act, introduced into tax law by Italian Legislative Decree 344/2003.
Under that regime, the subsidiaries transfer their taxable income (or tax loss) to the parent company, which determines a single taxable income of the Group, as the algebraic sum of the income and/or losses of the single companies, recording a single tax liability/credit due to/from the Tax Authorities.

Deferred tax

The differences between taxable income and statutory income can be permanent or temporary.
Permanent differences are definitive and are comprised of revenues or costs which are completely or partially exempt or non-deductible pursuant to tax law.
The temporary differences, instead, only trigger a timing difference which results in moving up or deferring the moment of taxation in relation to the period of accrual, resulting in a difference between the carrying amount of an asset or liability in the balance sheet and its value recognised for tax purposes. Those differences break down into "deductible temporary differences" and "taxable temporary differences".
"Deductible temporary differences" indicate a future reduction in taxable income, which therefore generates "deferred tax assets", as these differences give rise to a taxable amount in the year in which they are recognised, determining a prepayment of taxes in relation to their economic and statutory accrual. In substance, the temporary differences generate tax assets, as they will result in lower taxes in the future, provided that in the following years enough taxable profits are earned to cover the realisation of the taxes paid in advance.
"Deferred tax assets" are recognised for all deductible temporary differences if it is likely that taxable income will be earned, against which the deductible temporary differences can be used.

The origin of the difference between the higher taxable income than statutory income is mainly due to:

- positive income components taxed in years other than those in which they were recognised;
- negative income components that are tax deductible in years following the year of recognition.

"Taxable temporary differences" indicate a future increase in taxable income and, as a result, generate "deferred tax liabilities", as these differences give rise to a taxable amount in the years following those in which they are posted to the statutory income statement, resulting in a deferral of taxation in relation to its economic and statutory accrual. In substance, the temporary differences generate tax liabilities, as they will result in higher taxes in the future.

"Deferred tax liabilities" are recognised for all taxable temporary differences, with the exception of untaxed reserves charged to capital or for which no distribution to shareholders is planned.

The origin of the difference between the lower taxable income than statutory income is due to:

- positive income components taxable in years following that in which they were recognised;
- negative income components deductible in years prior to that in which they will be posted according to statutory criteria.

Deferred tax assets and liabilities are recorded using the "balance sheet liability method", based on the temporary differences arising between the carrying amount of assets and liabilities in the balance sheet and their value recognised for tax purposes, and are calculated using the tax rates which, based on the laws in force at the reporting date, shall be applied in the year in which the asset will be realised or the liability extinguished.

In the event that different tax rates are to be applied to different income levels, deferred tax assets and liabilities are calculated using the average weighted tax rate for the year to which the consolidated financial statements refer.

Deferred tax assets and liabilities are offset when they are due to the same tax authority and when the right to offsetting is recognised by law.

If the deferred tax assets and liabilities relate to items that have affected the income statement, the offsetting entry is represented by income taxes.

10 - Provisions for risks and charges

"Provisions for risks and charges" include provisions relative to long-term benefits and employee benefits following termination of the employment contract as described by IAS 19, in addition to the provisions for risks and charges described by IAS 37.

Pension funds and similar obligations

Pension funds are set up to implement company agreements and qualify as defined benefit plans.

Defined contribution plans are benefit plans following the termination of employment, based on which the company pays contributions fixed on the basis of a

contract to an external fund and, as a result, has no legal or implied obligation to pay amounts in addition to the payment of the contribution where the fund has insufficient assets to pay all benefits to employees. The contribution is recorded on an accruals basis among personnel expenses, as a cost relating to employee benefits.
The structure of defined benefit plans differs significantly, even though they are established in the form of an external fund with legal personality, for which the Group guarantees payment of the benefits to the entitled parties, assuming the actuarial risk.
Those plans fall within the scope of the sub-item "Post-retirement benefit obligations". In this case, the benefits that must be paid in the future were valued by an external actuary using the "projected unit credit method".

Provisions for risks and charges against commitments and guarantees given

The sub-item of provisions for risks and charges includes provisions for credit risk recognised in relation to commitments to disburse funds and guarantees given, which fall within the scope of application of the rules on impairment pursuant to IFRS 9. For these cases, in principle, the same allocation methods are adopted between the three stages (credit risk stages) and calculation of the expected loss with reference to financial assets measured at amortised cost or measured at fair value through other comprehensive income.

Other provisions

Provisions for risks and charges are liabilities of uncertain amounts or expiry recognised when the following simultaneous conditions occur:

- there is a current obligation at the reporting date of the consolidated financial statements which derives from a past event; said obligation must be of a legal nature (contained within a contract, regulation or other legal provision) or implicit (arises at the moment in which the company generates the expectation by third parties that it will meet its commitments, even if these do not fall under legal obligations);
- a financial disbursement is likely;
- a reliable estimate of the amount of the obligation can be determined.

The allocations for long-term benefits refer to seniority bonuses to be paid to employees on reaching their twenty fifth or thirtieth year of service, and are recognised in the sub-item "Other provisions". Those benefits are accounted for based on an actuarial method set out in IAS 19, highly similar to that described below for post-employment benefits.
The sub-item "Other provisions" also recognises allocations for expected losses for actions filed against the Bank, including clawback actions and other outlays estimated in relation to legal obligations existing at the date of preparation of the consolidated financial statements.
If the deferral over time of the payment of the charge is considerable and, as a result, the discounting effect is significant the provisions are determined by discounting the

charges that are assumed will be necessary to pay off the obligation, at a discount rate, before taxes, that reflects the current market valuations of the present value of money and the specific risks connected with the liability.
Following the discounting process, the amount of provisions posted in the consolidated financial statements increases each year to reflect the passing of time. That increase is recognised under "Net provisions for risks and charges".
At each reporting date, provisions are adjusted to reflect the best current estimate. If the reasons for the allocations made no longer apply, the related amount is reversed.

Provision for employee severance pay

The employee severance pay is a type of remuneration of personnel, with payment deferred to after termination of employment.
This accrues in proportion to the duration of the employment, constituting an additional element of personnel expenses.
Because the payment is certain, but not the moment at which it will occur, the provision for employee severance pay, equal to defined benefit pension plans, is classified as a post-employment benefit. As a result, the liability already accrued at the closing date of the consolidated financial statements must be projected to estimate the amount to be paid at the time of termination of employment and then discounted to take account of the time that will pass before the actual payment.
The method used to determine the present value of the liability is the projected unit credit method, also known as the method of accrued benefits in proportion to the work performed or the method of benefits/years of work, which considers each period of service provided by workers to the company as the origin of an additional unit of rights to the benefits, and separately measures each unit to calculate the final obligation.
That method entails the prediction of future disbursements on the basis of statistical historical analysis and the demographic curve, and the financial discounting of such flows according to market interest rates.
The amount recorded as a liability thus equals the present value of the liability at the reporting date, plus the annual interest accrued on the present value of the commitments of the Group at the beginning of the year, calculated using the discount rate for future outlays adopted to estimate the liability at the end of the previous year, and adjusted by the share of actuarial gains/losses. Actuarial gains and losses are posted as an offsetting entry in a shareholders' equity reserve, and are represented in the "Statement of consolidated comprehensive income".
The obligations are assessed annually by an independent actuary.

11 - Financial liabilities measured at amortised cost

Classification criteria: this item includes payables, in the various forms of funding (deposits, current accounts and loans) due to banks, due to customers and debt securities issued.
These include operating payables other than those connected with payment for the supplies of non-financial goods and services, attributable to the item "Other liabilities".

Debt securities in issue include unlisted debt securities issued (including certificates of deposit), net of repurchased securities.
These include securities which matured by the reporting date, but have not yet been redeemed. These exclude the share of own debt securities issued not yet placed with third parties.

Recognition criteria: these are initially recognised upon receipt of the amounts collected or at the time of issuance of debt securities based on the fair value of the liability, which is generally equal to the amount received or the issue price, adjusted by any additional income/expense directly attributable to the individual funding or issuing transaction.
The item includes liabilities for assets sold and not derecognised connected with the securitisation transaction, net of the debt securities issued by the vehicle and repurchased by the Group.

Measurement criteria and revenue recognition criteria: following initial recognition, financial liabilities are measured at amortised cost, using the effective interest rate method. For short-term liabilities, amortised cost is not generally used, given the irrelevance of the effects of applying that criterion.
The cost of interest on debt instruments is classified under "Interest expense and similar charges".

Derecognition criteria: financial liabilities are derecognised when the obligation specified in the contract is fulfilled.
Repurchases of the Bank's own liabilities are considered similar to the settlement of a liability or part thereof. The difference between the carrying amount of the liabilities settled and the amount paid to repurchase them is booked in the income statement.
In the event of repurchase of previously issued securities, the related items under assets and liabilities are netted in the accounts.
For accounting purposes, any subsequent sale of repurchased debt securities in issue is considered as a new issue, posted at the new re-placement price, without any effects on the income statement.

12 - Financial liabilities held for trading

Classification criteria: this category includes the negative value of derivative contracts, including operational hedging derivatives linked to financial instruments for which the fair value option was exercised.

Measurement criteria and revenue recognition criteria: all trading liabilities are measured at fair value, determined as specified in section "A.4- Information on fair value", allocating the result of the valuation to the income statement.

Derecognition criteria: financial liabilities held for trading are derecognised when the obligation specified in the contract is fulfilled.

13 - Financial liabilities measured at fair value

Classification criteria: financial liabilities with the characteristics set out in the fair value option are classified in this category.
In particular, based on the FVO, financial liabilities may be measured at fair value through profit or loss in cases of:

- elimination or reduction of inconsistencies in valuation, to ensure a more reliable presentation of information;
- valuation of financial instruments containing embedded derivatives;
- valuation of groups of financial assets or liabilities based on documented risk management or investment strategy.

In line with these indications, this category includes:

- financial liabilities subject to "natural hedging" through derivative instruments;
- bonds issued with embedded derivatives.

Recognition criteria: financial liabilities are initially recognised on the date of issuance for debt securities. Financial liabilities measured at fair value are recorded at fair value on initial recognition, which generally equals the consideration received.

Measurement criteria and revenue recognition criteria: following initial recognition, financial liabilities are aligned with their fair value. Considering that the Group does not have financial liabilities listed on active markets, the determination of the fair value is based on models that discount future cash flows or option valuation models.
Gains and losses realised on redemption and unrealised gains and losses deriving from changes in fair value in relation to the issue price are charged to the income statement for the period in which they arise, under the item "Net profit (loss) from financial assets and liabilities measured at fair value".
The Group opted to designate structured or fixed-rate bonds issued at fair value. Based on the provisions of IFRS 13, the fair value of those liabilities must reflect the creditworthiness of the issuer. Based on the analyses conducted, the Group decided that it could quantify its creditworthiness by referring to the yields recorded on unsecured senior issues of Italian banks with ratings of BBB+, BBB and BBB-, using the specific curve provided by the info-provider Bloomberg (or another equivalent curve, lacking this one).
According to the provisions of IFRS 9:

- changes in fair value that are attributable to changes in creditworthiness must be recognised in the statement of comprehensive income;
- the remaining changes in fair value must be recorded in the income statement.

The cost of interest on debt instruments is classified under interest expense and similar charges.

Derecognition criteria: financial liabilities designated at fair value are derecognised when the obligation specified in the contract is fulfilled.

Repurchases of the Bank's own liabilities are considered similar to the settlement of a liability or part thereof. The difference between the carrying amount of the liabilities and the amount paid to repurchase them is booked in the income statement.
In the event of repurchase of previously issued securities, the related items under assets and liabilities are netted in the accounts.
For accounting purposes, any subsequent sale of repurchased debt securities in issue is considered as a new issue, posted at the new re-placement price, without any effects on the income statement.

14 – Foreign currency transactions

Classification criteria: in addition to those explicitly denominated in a currency other than Euro, assets and liabilities in foreign currency include those that envisage financial indexing clauses linked to the Euro exchange rate with a specific currency or specific basket of currencies.
For the purposes of the translation method to be used, assets and liabilities in foreign currency are broken down into monetary and non-monetary items.
Monetary items consist of cash held and assets and liabilities to be received or paid, in fixed or determinable amounts of money. Non-monetary items lack the right to receive or an obligation to deliver a fixed or determinable amount of money.

Recognition criteria: upon initial recognition, foreign currency transactions are recognised in the currency of account using the foreign exchange rates on the date of the transaction.

Measurement criteria and revenue recognition criteria: at each closing date, elements originally denominated in foreign currency are valued as follows:

- monetary items are converted using the exchange rate on the period closing date;
- non-monetary items valued at historical cost are translated using the exchange rate in force on the date of initial recognition;
- non-monetary items measured at fair value are translated at the exchange rate in force at the time the fair value was calculated.

Foreign exchange differences generated on monetary items from the transaction date to the date of the related payment are recorded in the income statement in the year they arise, as well as those that derive from the translation of monetary items at exchange rates different from the initial translation exchange rates, or from translation at the previous closing date.

15 – Other information

IFRS 16 - Leases

The accounting standard IFRS 16 – Leases replaced IAS 17, as well as the interpretations IFRIC 4, SIC 15 and SIC 27, starting from 1 January 2019, introducing new rules for the accounting recognition of leases, both for lessors and for lessees.

IFRS 16 establishes principles for the recognition, valuation, presentation of and additional disclosure on leases. The objective is to ensure that lessees and lessors provide appropriate information in a manner that accurately represents the transactions, in order to provide elements to assess the effect of the lease on the balance sheet, income statement results and cash flows of the entity. The standard provided a new definition of lease and introduced an approach based on control (right of use) of an asset to distinguish lease agreements from service agreements, identifying as discriminating factors: the identification of the asset, the right to replace it, the right to substantially obtain all economic benefits originating from the use of the asset and the right to direct the use of the asset underlying the agreement.
The lessee must recognise a liability based on the present value of future lease payments as an offsetting entry to the recognition of the right-of-use asset pertaining to the lease contract under assets. Following initial recognition, the right of use shall be amortised over the duration of the contract or the useful life of the asset (based on IAS 16) or measured using an alternative criterion – fair value – (IAS 16 or IAS 40). The liability will be gradually decreased due to payment of the lease rentals and interest shall be recognised on such payments, to be posted to the income statement.
With regard to the first-time adoption of IFRS 16 (in 2019), the Group opted to apply the modified retrospective approach - option B - to calculate the lease liability as the present value of future lease payments, and determining the associated right of use based on the value of such liability. Based on the options exercised, there were no impacts on shareholders' equity, as the values of the right of use and the associated liabilities recognised in the accounts match. The standard permits the recognition of the cumulative effect of application of the new standard at the date of first-time adoption, without restating the comparative information. In calculating the amounts under IFRS 16, as permitted by the standard, contracts concerning low-value assets were excluded, as well as leases with a duration equal to or less than 12 months. For the purpose of identifying low-value assets, the Group set € 5,000 (low value) as the limit under which the new standard shall not apply. The share of VAT on lease payments is not considered as a lease component and, as a result, was treated in line with the accounting rules in force prior to IFRS 16.
As regards the interest rate to be used to discount the liability, the Group uses the interest rate referring to the yield curve for senior bank bonds rated BBB+, BBB and BBB- denominated in Euro. In addition to the fact that it can be easily obtained and is updated daily, that curve appropriately represents the interest rate at which the Group should hypothetically issue any senior bonds on the market. The interest rate is redetermined annually, and the new interest rate is applied to new contracts or expired contracts that are renewed. For contracts in force, the lease payments are discounted at the rate originally applied.
The main impacts in the Group are attributable to the right of use for the lease of properties, through rental contracts. The scope of application of the standard includes property leases as well as automobile leases.
The Group has no sub-leases.
For lessors, the accounting rules for lease agreements set out in IAS 17 are substantially confirmed, differentiated depending on whether they are operating

leases or finance leases. For finance leases, the lessor will continue to recognise a receivable for future lease payments in the balance sheet.

Targeted Longer-Term Refinancing Operations - TLTRO III

In March 2019, the Executive Board of the European Central Bank announced a third series of *Targeted Longer-Term Refinancing Operations (TLTRO III)*, conducted quarterly from September 2019 to December 2021 (the ECB decision of 10 December 2020 defined three new operations between June and December 2021 in addition to the seven originally planned).

The financing limit for each bank is 55% (from March 2021) of the respective balances as at the reference date (28 February 2019), less any amount financed through TLTRO II and still existing as at the settlement date for the TLTRO III operation.

From September 2021, on a quarterly basis, each participant can exercise the option of early settlement or reduction of the financing relating to a TLTRO III operation if at least one year has passed since the settlement date.

The interest rate applicable is the prevalent rate applying to each operation, except for the period between 24 June 2020 and 23 June 2022 in which a reduction of 50 basis points will be applied to the rate provided certain benchmark values are reached in reference to the disbursement of net eligible loans. Interest is paid in arrears on expiry of each TLTRO III or at the time of early repayment.

In order to guarantee maximum accounting transparency of the TLTRO III refinancing operations, the ESMA has recommended that participating banks provide specific disclosures on the relevant accounting standards and on changes associated with the TLTRO III operations.

As at 31 December 2021, the ECB funding operations for the Group referred entirely to TLTRO III financing subscribed by the Parent Company, Banca di Asti, and totalled € 2.81 billion.

Taking into account the various mechanisms envisaged for transaction settlement, considering that the *net lending benchmark* for the Group is set at zero and that the net eligible loans record developments sufficient to make it probable that the *net lending benchmark* will be exceeded, in the consolidated financial statements as at 31 December 2021, the amount of € 26.5 million has been recognised under item "10. Interest income and similar revenues".

With reference to the accounting recognition methods for interest on the operation in question, IFRS 9 was applied. Specifically, considering that the ECB can change the interest rate on TLTRO III operations at any time, in view of the market rate the operations were treated as variable-rate instruments. In effect, the instruments will have an effective interest rate for each period:

- -1% up to 23 June 2022
- -0.5% after 23 June 2022 and up to maturity.

Sale to Iccrea of a stake in Pitagora

At the end of May 2021, Banca di Asti formalised an agreement relating to the purchase by Iccrea Banca of a stake equal to 9.9% of the share capital of Pitagora S.p.A. (Pitagora) held by Banca di Asti, Bonino 1934 and some minority shareholders.

The transaction is part of the broader long-term commercial partnership agreement signed on 23 December 2020, and operational from the first months of 2021, between Pitagora and BCC Credito Consumo S.p.A., a company of the Iccrea Group specialised in offering dedicated customised loans to households, aimed at distributing Pitagora salary and pension assignment loans through the network of branches of the BCCs belonging to the Iccrea Group.

The completion of the transaction was subject to the usual conditions precedent, including the issue by the Bank of Italy of the necessary approvals and/or authorisations. Following the completion of the transaction, the Bank sold 7% of the capital held in Pitagora to Iccrea, repositioning its stake to 63% of the share capital of the same. The sale, which took place for a consideration of € 7.7 million, generated a capital gain of € 3.9 million.

A shareholders' agreement was also signed between Banca di Asti, Bonino and Iccrea Banca concerning, among other things, the representation of Iccrea Banca within the Board of Directors of Pitagora and the attribution to Iccrea Banca of certain minority interest rights as well as the right to increase its shareholding up to 20% by exercising a purchase option vis-à-vis Banca di Asti and Bonino.

The strategic partnership will allow the Iccrea Group to enrich its operations in the consumer credit sector with a partner specialised in salary and pension assignment loans, as part of the broader process aimed at strengthening the offer by the BCCs to meet the needs of shareholders and retail customers.

Sale of HTC/FVOCI portfolio securities

At the beginning of the year, sales of securities belonging to the HTC business model were carried out in compliance with the limits of significance and frequency (compliance with these criteria is necessary in order to consider sales consistent with the *Held to Collect business model*) sanctioned by the "Group policies on the classification and measurement of financial assets and liabilities". Further sales were made in the fourth quarter following the significant *derisking* action with the simultaneous decrease in the concentration on the Italian State issuer which mainly concerned the amortised cost portfolio (as well as the portfolio classified as FVOCI - *Held To Collect and Sell business model*). These sales derive from the strategic choice of reducing the concentration on the Italian public debt held in the portfolio in consideration of the possible future worsening of the related credit risk. These sales, of an exceptional and occasional nature, were carried out in compliance with art. B4.1.3A and art. B4.1.3B of Regulation 2016/2067 in compliance with IFRS 9 accounting standard (without the same entailing a change in the business models adopted). The overall economic impact of the sales was approximately € 55.6 million.

Sale of the Cedacri S.p.A. security at FVOCI

In the first half of 2021, the sale of the equity investment held by the Group in the company Cedacri S.p.A. was completed. The valuation process of the Cedacri Group has been launched in the final few months of 2020 through a business combination with a partner for the creation of an IT hub that is a leader in Italy, in terms of size and significance, in the financial services sector.

The activity involved an assessment phase for the evaluation of the potential partner from among those expressing an interest, with appointment of the financial, industrial-technological and legal advisors.
Subsequently, the evaluation of non-binding bids, the management presentation and due diligence were arranged, after which the shortlist was drawn up and the financial and industrial-technological conditions were defined for continuation of the operation.
The transaction was finalised with the transfer of 100% of Cedacri capital to a newco established under Irish law, named DGB Bidco Holdings Limited, controlled by the ION Group, the acclaimed software house specialising in the development and evolution of high-technology systems for private, institutional, financial and banking group operators.
The Transaction obtained all the procedural authorisations, including in particular the antitrust authorisation, the issue of the Golden Power authorisation by the Prime Minister's Office and the signing of agreements amending the existing trade agreements between the partner banks and the Cedacri Group.
The consideration realised by the Group was € 126.4 million, which made it possible to generate, net of the costs connected with the transaction and considering the previous revaluations, a gross capital gain of € 117.8 million recognised in shareholders' equity. Since the equity investment is classified among the instruments measured at fair value with an impact on the overall profitability without recirculation to the income statement, the capital gain realised was fully charged to shareholders' equity, net of the Pex tax burden.

Issue of Additional Tier 1

On 27 November 2020, the Parent Company issued an *Additional Tier 1* instrument, targeting institutional investors, for a total of € 100 million. The transaction forms part of the Parent Bank's capital structure management.
These are perpetual securities (with maturity linked to the Parent Bank's statutory duration) includes an early redemption option, the exercise of which is subject to meeting applicable regulatory requirements, in the period 27 November 2025 to 27 May 2026, and on every coupon payment date thereafter.
The coupon is half-yearly, not cumulative and, in reference to the first 5.5 years of the security, is fixed at 9.25%. Thereafter, if the early redemption option is not

exercised, it can be reviewed at 5-year intervals based on the swap rate with the same maturity at that time, plus the original spread.
The payment of coupons is discretionary and subject to certain limitations. The 5.125% trigger on Common Equity Tier 1 (CET1) envisages that, if the CET1 ratio of the Group or the Parent Bank falls below this limit, the nominal value of the securities will temporarily drop by the amount required to restore the level, also taking into account other instruments with similar characteristics and the same level of subordination.
The security is listed on the multilateral trading facility of the Dublin Stock Exchange (*Global Exchange Market*).
Based on the loan characteristics, the issue can be classified as an equity instrument pursuant to IAS 32. In line with the nature of the instrument, the coupons were recognised as a decrease in item 150 Reserves under shareholders' equity.
In the consolidated financial statements as at 31 December 2021, the consideration collected from the issue is represented in shareholders' equity item "140. Equity instruments" for a total of € 97,567 thousand, less transaction costs directly attributable to the issue which, net of tax, totalled € 2,433 thousand. During the course of 2021 the first two coupons were paid to the subscribers for a total amount of € 6.7 million net of tax charges. Considering payment of the current coupon to be highly probable, in order to decrease the reserves, an accrual for 2021 of € 630 thousand was recognised, net of tax effects.

Tax credits associated with the "Cura Italia" and "Rilancio" Law Decrees, purchased as a result of disposal by the direct beneficiaries or previous buyers

The Law Decrees nos. 18/2020 ("Cura Italia") and 34/2020 ("Rilancio") introduced tax incentives to Italian law, relating to investment costs (e.g. Ecobonus and Sismabonus) and to current expense (e.g. lease payments on non-residential premises).
These tax incentives apply to households or businesses, commensurate to a percentage of the expense incurred (which in some cases can even reach 110%), and are disbursed in the form of tax credits or tax deductions (with the option of transforming these into tax credits). For the Ecobonus and Sismabonus, in addition to other incentives for building works, it is also possible to make use of the incentive as a discount on the consideration due to the supplier, to whom a tax credit will be recognised. Most of the tax credits from these incentives can be transferred to third-party buyers, who can use them according to the special rules envisaged. Specifically, the holders of these credits can use them to offset taxes and contributions, in accordance with the same rules as for the original beneficiary, or can again sell all or part of them to third parties.
In the second half of 2020, the Group launched the "Ecobonus" project, through which retail and business customers can use a new service that follows them through energy or seismic requalification works on their owned properties, without any upfront outlay. The financial support is provided through the opening of a current account credit facility designed to cover all the requalification costs up to the

finalised transfer of the tax credit to the Group. During 2021, the Group purchased tax credits from customers for a nominal amount of € 89.5 million.
The specific characteristics of the purchased tax credits do not allow this case to be traced back to any IAS/IFRS accounting standard. Therefore, in application of IAS 8, the company management has defined an accounting policy to ensure a faithful representation of the financial and income position and cash flows that reflects the economic substance of the transaction. In line with the guidelines provided in the joint Bank of Italy/Consob/Ivass document no. 9 called "Accounting treatment of tax credits connected with the "Cura Italia" and "Rilancio" Law Decrees acquired following the sale by direct beneficiaries or previous purchasers" and with the IAS and IFRS accounting standards where applicable, the credits fall under the HTC business model and, on initial recognition, they are recognised in accordance with IFRS 9 at their fair value corresponding to the purchase price (fair value level 3). Subsequent valuations envisage the amortised cost method with recognition of interest in item 10 "Interest income and similar revenues". Receivables are classified under asset item 120 "Other assets". The rules on the *impairment test* are not applied to the receivables in question as there is no counterparty credit risk: in fact, they can only be realised through offsetting with tax payables. The portion of receivables that will be sold in 2022 has been reclassified to the item “Assets held for sale”.

Classification criteria for financial assets - IFRS 9

Accounting standard IFRS 9 requires the use of two guidelines for classifying financial assets:

- the business model used by the company, i.e. the operational purposes for which the company intends to hold the financial asset;
- the contractual characteristics of the cash flows generated by financial assets.

The combination of the two elements mentioned above derives from the classification of the financial assets, which occurs at the time the financial assets are generated or acquired, according to the following:

- financial assets measured at amortised cost: assets that pass the *SPPI test* and fall under the *Hold to Collect business model* (*HTC*);
- financial assets measured at fair value through other comprehensive income (*FVOCI*): assets that pass the SPPI test (for debt securities issued and loans) and fall under the *Hold to Collect and Sell business model* (*HTCS*);
- financial assets measured at fair value through profit or loss (*FVTPL*): a residual category, which includes financial instruments that cannot be classified in the previous categories based on the results of the business model test or the test on the characteristics of contractual cash flows (*SPPI test* failed).

Business model

With regard to the business model, IFRS 9 identifies three cases in relation to the methods by which cash flows are managed and financial assets are sold:

- *hold to collect*, which includes financial assets for which the Group's purpose is to hold them to maturity, in order to periodically collect the contractual cash flows represented by the principal and interest amounts;
- *hold to collect and sell*, whose objective is pursued both by collecting the contractual cash flows and selling the financial assets. *Both activities (collection of contractual cash flows and sales) are essential for achieving the business model's objective*. Therefore, sales are more frequent and for greater amounts than an HTC business model and are an essential component of the strategies pursued;
- *other*, a residual category that includes both financial assets held for trading purposes and financial assets managed with a business model other than the previous categories (Hold to Collect and Hold to Collect and Sell), resulting in changes being measured at fair value through profit or loss.

The business model reflects the methods by which financial assets are managed to generate cash flows for the entity's benefit and is defined by top management through the appropriate involvement of business structures.

It is determined by considering the ways in which financial assets are managed and, as a consequence, the extent to which the portfolio's cash flows derive from the collection of contractual cash flows, from the sale of financial assets, or from both of these events. The assessment is not made using scenarios that, based on the entity's reasonable expectations, are not likely to occur, such as the "worst case" or "stress case" scenarios. For example, if the entity plans to sell a certain portfolio of financial assets only in a "stress case" scenario, this scenario does not affect the assessment of the entity's business model for these assets, if said scenario is not likely to occur based on the entity's reasonable forecasts.

The business model does not depend on the intentions that management has for an individual financial instrument, but refers to the ways in which groups of financial assets are managed for the purpose of achieving
a specific business objective.

Thus, the business model:

- reflects the methods by which financial assets are managed to generate cash flows;
- is defined by top management through the appropriate involvement of business structures;
- must be determined by considering the methods by which financial assets are managed.

In operational terms, the business model is assessed in line with the company organisation, the specialisation of the business functions and the assignment of delegated powers (limits).

When assessing a business model, all relevant factors available at the assessment date are used. These factors include the strategy, risks and their management, remuneration policies, reporting, and the amount of sales. In analysing the business model, it is crucial that the factors evaluated are consistent amongst themselves and, in particular, are consistent with the strategy pursued. With the view to the significant purpose of drawing up the consolidated financial statements, a

consolidated business model was identified that represents the methods with which the Group, understood as a single economic entity, intends to realise the cash flows from the financial assets.
In that regard, and in relation to the operational purposes for which the financial assets are held, a specific document "C.R. Asti Group – Analysis and determination of the individual and consolidated business models for the purposes of IFRS 9 classification" – approved by the Board of Directors – defines and outlines the elements comprising the business model for financial assets included in the portfolios managed in carrying out operations on business structures for the Cassa di Risparmio di Asti Group.
With specific regard to salary and pension assignment loans, where, at the disbursement date, the Group does not possess information regarding the expected methods of realising the cash flows, it classifies those loans as HTCS with measurement at fair value through other comprehensive income (FVOCI).
Conversely, with regard to the same type of loans, if, at the disbursement date, the Group is aware of the method of realising the cash flows, it makes the following classification:

- the loans that the Group designates from the origin to be held by the Group to realise the cash flows by collecting the interest and principal on maturity will be included in the category HTC and measured at amortised cost;
- the loans that the Group designates from the origin to be sold outside the Group to realise the cash flows through their sale are classified in the "others" business model and measured at fair value through profit or loss.

For Hold to Collect portfolios, the Group has defined eligibility thresholds for sales that do not affect the classification (frequent but not significant, individually and in the aggregate, or infrequent even though they are of a significant amount) and, at the same time, the parameters have been established to identify sales consistent with this business model, when they are attributable to an increase in credit risk.

SPPI and Benchmark tests

The appropriate classification of financial instruments held first requires that the business model intended to be used be analysed, as indicated above, and subsequently the characteristics of the contractual cash flows deriving from the asset be verified. The latter verification is defined through two specific tests:

- the *Solely Payment of Principal and Interest – SPPI Test*;
- the *Benchmark test*.

So that a financial asset may be classified at amortised cost or at FVOCI, in addition to the analysis of the business model, it is necessary that the contractual terms of the asset envisage, at specific dates, cash flows that are solely payment of principal and interest on the amount of principal to be repaid (SPPI). That analysis must specifically be conducted for loans and debt securities.
The SPPI test must be conducted on each single financial instrument at the time of recognition. Following initial recognition, and as long as it is recognised, the asset

will no longer be subject to new SPPI tests. Where a financial instrument is derecognised from the accounts and a new financial asset is recognised, the SPPI test must be conducted on the new asset.
For the purposes of applying the SPPI test, IFRS 9 provides the following definitions:
- principal: the fair value of the financial assets on initial recognition. That value may change over the life of a financial instrument, for example, as a result of repayments of principal;
- interest: the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time.

In assessing whether the contractual flows of a financial asset may be defined as SPPI, IFRS 9 refers to the general concept of "basic lending arrangement", which is independent from the legal form of the asset. Where the contractual clauses introduce the exposure to the risk or volatility of contractual cash flows that is inconsistent with the definition of basic lending arrangement, such as exposure to changes in the prices of shares or commodities, the contractual flows do not meet the definition of SPPI.
In the event that the time value of money is modified ("modified time value of money") - for example, when the financial asset's interest rate is periodically reset but the frequency of that reset or the frequency of the payment of coupons does not reflect the tenor of the interest rate (for example, the interest rate resets every month based on a six-month rate) or when the interest rate is reset periodically based on an average of particular short-term or medium/long-term rates - the entity must assess, using both quantitative and qualitative elements, whether the contractual flows still meet the definition of SPPI (benchmark cash flows test). Where the test shows that the (non-discounted) contractual cash flows are "significantly different" from the (also non-discounted) cash flows of a benchmark instrument (i.e. without a modified time value), the contractual cash flows cannot be considered as meeting the definition of SPPI.
In addition, any contractual clauses that could change the frequency or amount of contractual cash flows must be considered in order to assess whether such cash flows meet the SPPI requirements (e.g., prepayment options, possibility to defer the contractually agreed cash flows, instruments with embedded derivatives, subordinated instruments, etc.).
However, as required by IFRS 9, a single element of contractual cash flows does not affect the classification of the financial asset if it has only a minimal effect on the contractual cash flows of the financial asset (in each year and cumulatively). Similarly, if an element of cash flows is not realistic or genuine, i.e., if it affects the instrument's contractual cash flows only at the occurrence of an extremely rare, highly unusual, and very unlikely event, it does not affect the classification of the financial asset.
In relation to the SPPI test and the Benchmark test, the Group subscribed to the offer of the info-provider Prometeia: on a daily basis, the Group inputs the flows to be sent to the info-provider, which returns the results of the two tests with the same frequency.

Method for determining impairment

Impairment of financial assets
Pursuant to IFRS 9, at each reporting date, financial instruments classified under:

- financial assets measured at fair value through other comprehensive income;
- financial assets measured at amortised cost;
- commitments to disburse funds and guarantees given;

are tested to verify whether there is evidence of an increase in credit risk and to determine any impairment.
The model classifies financial assets into three stages, each of which corresponds to a different level of risk and specific methods for calculating value adjustments.

- *Stage 1: assets which are performing in line with expectations, for which the value adjustments correspond to the expected losses related to the occurrence of default in the 12 months following the reporting date;*
- Stage 2: exposures whose creditworthiness is concerned by a significant deterioration, but for which the losses cannot yet be observed. *Adjustments are calculated considering the loss expected over the lifetime of the exposure;*
- *Stage 3: includes all non-performing exposures, and must be adjusted using the concept of lifetime loss.*

Specifically as regards loans to customers, performing loans are broken down into:

- *Stage 1: loans that have not undergone significant impairment since initial recognition;*
- *Stage 2: credit exposures that have seen a significant increase in credit risk since initial recognition.*

Where there is evidence of impairment, the financial assets in question – in line with all the remaining assets pertaining to the same counterparty, if such assets exist – are considered impaired and
are included in Stage 3. In relation to those exposures, represented by financial assets classified – pursuant to the provisions of Circular no. 262/2005 of the Bank of Italy – in the categories of bad loans, unlikely to pay and loans past due for more than ninety days, value adjustments must be recognised equal to the expected losses over their entire residual life.
For financial assets that show no evidence of impairment (performing financial instruments), instead, it must be verified whether there are indicators that show that the credit risk of the individual transaction has increased significantly since initial recognition. The results of this assessment, in terms of staging and measurement, are the following:

- where these indicators are found, the financial asset transfers to Stage 2. In this case, the assessment requires that impairment is recognised equal to the expected losses over the entire residual life of the financial instrument, consistent with the provisions of international accounting standards and even if a loss in value has not yet occurred;
- where none are found, the financial asset remains in Stage 1. In this case, the

assessment requires that the expected losses over the next twelve months be recognised, consistent with the provisions of international accounting standards and even if a loss in value has not yet occurred.

These adjustments are reviewed at each subsequent reporting date both to periodically check that the continuously updated loss estimates are consistent, as well as to take into account the change in forecast horizon for calculation of expected loss.

As regards the measurement of financial assets and, in particular, the identification of a "significant increase" in credit risk (a necessary and sufficient condition for classification of the asset being assessed in Stage 2), the elements that constitute the main determinants to be taken into consideration by the Group are the following:

- significant increase in the associated Probability of Default during the period from the date the account was opened to the reference date. The PD is determined using the rating system in place at the various recognition dates (account opening date and accounting recognition date);
- delays in payment (i.e. position past due or overdue) that continue for at least 30 consecutive days for all loans with the exception of salary and pension assignment loans, which are moved to Stage 2 following four payments past due;
- forbearance status, i.e. the account is subject to forbearance;
- exposure classified as non-performing by other banks (thus included in "system-wide adjusted non-performing loans");
- qualitative information held by the competent structures (of the sales network or headquarters) which, though not resulting in the situations in the previous points, are deemed symptomatic of a possible worsening in the creditworthiness to levels that do not require classification in default.

The "staging" of securities entails some unique considerations. In fact, unlike loans, for this type of exposure, purchase and sale transactions subsequent to the first purchase (made with reference to the same ISIN) can typically fall under the ordinary activity of position management (with consequent need to identify a methodology to adopt for the identification of sales and reimbursements in order to determine the residual quantities of the individual transactions to which a credit quality/rating is associated that will be compared with that of the reporting date). In this context, using the "*first-in-first-out*" or "*FIFO*" methodology (for the transfer to the income statement of the recognised *ECL*, in the case of sales and reimbursements) contributes to more transparent portfolio management, including from the perspective of front-office operators, allowing, simultaneously, a continuous updating of the assessment of creditworthiness based on new purchases.

Once the assignment of the exposures to the various credit risk stages has been defined, the expected losses (*ECL*) are calculated, at the level of individual transaction or security tranche, starting from the modelling developed by the Group, based on the parameters of *Probability of Default* (*PD*), *Loss Given Default* (*LGD*), and *Exposure at Default* (*EAD*), to which appropriate adjustments are made, in order to ensure compliance with the specific requirements of IFRS 9.

The PD, LGD, and EAD are defined as follows:

- PD (Probability of Default): likelihood of transferring from a performing status to that of non-performing over a one-year time horizon. In the Cassa di Risparmio di Asti Group, the values of PD derive from the internal rating model, where available, supplemented by external valuations. *For salary and pension assignment loans, the PD is determined based on the past-due ranges;*
- *LGD (Loss Given Default): percentage of loss in the event of default. It is quantified based on past experience of recoveries discounted on accounts transferred to non-performing status;*
- *EAD (Exposure At Default) or credit equivalent: amount of exposure at the time of default.*

In order to comply with the provisions of IFRS 9, specific adjustments to the aforementioned factors were necessary, including in particular:

- *adoption of a Point in Time (PIT) PD against the Through the Cycle (TTC) PD used for Basel purposes;*
- use of multi-year PDs and, where necessary, LGDs in order to determine the expected loss for the entire residual life of the financial instrument (Stages 2 and 3);

Furthermore, the measurement of financial assets reflects the best estimate of the effects of future conditions, especially in relation to the economic context, on which the forward-looking risk parameters are dependent. Within the scope of IFRS 9, particular importance is taken on by the information on the future macroeconomic scenarios that the Group may be operating in, which influence the situation of borrowers with regard to both the "risk" of migration of exposures to lower quality classes (thus relating to staging) and to the recoverable amount (thus relating to the determination of the expected loss on the exposures).

"Non-performing loans" are on and off-balance sheet loans to borrowers that fall within the "non-performing" category, broken down into:

- bad loans;
- unlikely to pay;
- non-performing past due and/or overdue (long-term non-fulfilment or past-due payments).

In line with that set out in the reference regulations, the valuation of non-performing loans (i.e. of the presumed recoveries and, as a result, of the corresponding losses) takes into consideration the various alternative scenarios that could presumably occur in the near future.

In particular, the following two macro-scenarios have been identified:

- direct management: treatment of the exposure in line with the ordinary management methods, in order to pursue the maximum recovery possible over the medium/long-term, managing the non-performing loan through the Group's operational structures and processes (internal management), or availing of specialised operators, also on a permanent basis;

- assignment: disposal of the loan through assignment to counterparties operating on the market, according to an approach of maximising recovery over a more limited time frame, immediately benefiting from savings in terms of resources (liquidity, capital, workforce).

For the definition of the scenarios to be considered, and the combination of the various scenarios with a specific sub-portfolio and their attribution of the respect probability of occurrence, reference is specifically made to:

- the Group’s NPL management strategy, as shown in the various planning documents (NPE Strategy, Strategic Plan, Budget);
- historical analysis of what has occurred in the recent past with regard to NPLs, both referring to the Group and, more generally, in the Italian and European financial systems;
- regulatory provisions, guidelines or simple indications from the various bodies at national and European level;
- assessments of the opportunities to manage single positions or portfolios of homogeneous loans.

The total amount of the presumed recovery is determined at the level of single account, as the average of the corresponding recoverable amounts deriving from the application of the various scenarios, weighted for the correlated probabilities of occurrence.

With reference to non-performing loans, when the Group has reasonable expectations of not being able to recover amounts in excess of those considered to be collectable or already collected, both in its entirety and on a portion, it proceeds with the full or partial derecognition of the exposure in accordance with the qualitative and quantitative criteria of the Group's policies (*write-off*). The accounting effects of the *write-off* produce the allocation to losses of the residual gross book value of the receivable from the customer up to the amount of the value adjustment expressed at the date of derecognition.

A) BALANCE SHEET

Sale and repurchase contracts (repurchase agreements, securities lending and contangos): the securities sold and subject to repurchase agreements are classified as committed financial instruments, when the purchaser has the right, by contract or agreement, to resell or recommit the underlying. The counterparty’s liability is included in liabilities due to other banks, other deposits or customer deposits.

The securities purchased in relation to a repurchase contract are recorded as loans or advances to other banks or to customers. The difference between the sales price and the purchase price is recorded as interest, on an accruals basis over the life of the transaction, based on the effective rate of return. Securities lent continue to be recognised, while securities borrowed are not recognised, unless they are sold to third parties, and in that case the purchase or sale will be recorded and the profits or losses recognised in the income statement. The repayment obligation must be recorded at fair value as a trading liability.

Netting of financial instruments: financial assets and liabilities may be netted, reporting the net balance, when there is a legal right to carry out such netting, and the intention to settle the transactions for the net amount or sell the assets and settle the liability at the same time.
Accruals and deferrals: accruals and deferrals that involve charges and income pertaining to the period, accrued on assets and liabilities, are recorded as adjustments to the assets and liabilities they refer to, and where they are not attributable to assets and liabilities, are recorded in the balance sheet items "other assets" and "other liabilities".

B) SHAREHOLDERS' EQUITY
Costs to issue shares: the incremental costs attributable to the issue of new shares or options, or referring to the acquisition of a new asset, net of taxes, are included in shareholders' equity as a deduction from amounts received.
Dividends on ordinary shares: dividends on ordinary shares are recorded as a reduction of shareholders' equity in the year in which the Shareholders' Meeting approved their distribution.
Treasury shares: treasury shares acquired are recorded in a separate item of shareholders' equity, with a negative sign (and thus, are not subject to valuation).
Where those shares are subsequently resold, the amount received is recognised, up to the book value of the shares, in a separate item.
The positive or negative difference between the sale price of the treasury shares and the corresponding book value is respectively applied as an increase or decrease to the item "Share premium reserve".
Valuation reserve: Those reserves include valuation reserves of financial assets measured at fair value through other comprehensive income, cash flow hedging derivatives, valuation reserves for changes in fair value of financial liabilities due to the changes in own creditworthiness, valuation reserves for actuarial gains/losses and revaluation at fair value instead of cost of property, plant and equipment carried out on first-time adoption of the IAS/IFRS.

Those reserves are posted net of deferred taxes.

C) INCOME STATEMENT
Revenues from the sale of goods or provision of services are recognised at the fair value of the consideration received or, in any event, when it is likely that future benefits will be received, and those benefits can be reliable quantified.

Thus, according to that set out in IFRS 15, revenues are recognised, with the exception of revenues from lease contracts, insurance contracts, financial instruments and from non-monetary exchanges between entities in the same branch:

- at a specific time, when the Group fulfils the obligation, transferring the service to the customer;
- over time, as the Group gradually fulfils the obligation to transfer the promised service to the customer.

The transfer of the goods or services to the customer occurs when the customer has control over those assets. In particular:

- interest is recognised on a *pro rata* accruals basis with reference to the contractual interest rate or the effective one in the event of application of the amortised cost.
- interest on arrears, if contractually included, is recognised in the income statement only when it is actually collected;
- dividends are recognised in the income statement at the time their distribution is approved;
- commissions for service income are recognised, on the basis of contractual agreements, in the period in which the services were provided; commissions considered in the calculation of the amortised cost for the purpose of determining the effective interest rate are recognised under interest income;
- profits and losses deriving from the trading of financial instruments are recognised in the income statement at the time of completion of the sale, on the basis of the difference between the amount paid or received and the book value of the instruments;
- revenues from the sale of non-financial assets are recognised at the time the sale is completed, or when the obligation to pay to the customer is fulfilled.

Administrative costs and expenses are recognised on an accruals basis.

A.3 Information on transfers between portfolios of financial assets

There are no items of this type.

This section provides the fair value disclosure as required by IFRS 13.

Qualitative information

A.4.3 Fair value hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price).

IFRS 13 defines the “Fair value hierarchy” based on the degree of observability of the measurement techniques used for valuations, and comprises three different levels:

- Level 1: if the financial instrument is listed on a market deemed “active”. For example, stock markets, trading networks organised between market makers and/or MTF;
- Level 2: if the fair value is measured using measurement techniques that use parameters observable on an active market as reference (for the same instrument or a similar instrument), other than the prices of the financial instrument;
- Level 3: if the fair value is calculated based on measurement techniques that use parameters that cannot be observed on an active market as reference.

The Cassa di Risparmio di Asti Group determined the fair value of financial instruments following the criteria set out above.

Level 1

For debt securities and equity securities listed on an active market, the fair value coincides with the prices on that market, which represents the best expression of value. In terms of identifying the active market, the Cassa di Risparmio di Asti Group set up specific rules and procedures to assign prices and verify the reliability of the listed prices acquired.

The Group circumscribes the active market to those cases where a price is available that can be found on an official price list, or, alternatively, is regularly provided by financial counterparties through publication on info-providers or in the specialised press.

Level 2

Where there is no active market, the fair value is determined using estimation methods and measurement models that take account of the risk factors correlated to the instruments and are based on data and parameters that can be observed on active markets.

Those techniques can consider the prices recorded in recent comparable transactions concluded at market conditions (comparable approach), or the values obtained by applying measurement techniques commonly applied and accepted by market operators and, thus, merely by way of example, models based on the discounting of cash flows, models that determine option prices and other techniques (level 2 fair value).

The fair value of the bonds issued by the Group and OTC derivatives are constructed as the present value of certain or uncertain future cash flows taken from the financial markets, input into specific models developed in specific IT procedures, made available by the consortium providing the IT systems, which was assigned the operational management thereof.

As regards the estimate of uncertain cash flows subordinate to the trend in interest rates, the related forward rates are determined: forward interest rates, rates implicit in current rates, spot rates, rates relating to future periods.

With regard to the measurement of the uncertain cash flows from the optional components included in structured securities, based on the specific type of option, the *Black&Scholes*, *Cox Ross Rubinstein*, Montecarlo, *Black76* and *Kirk* methods and the binomial trees model are applied.

For debt securities the fair value is constructed as the present value of future cash flows at current market rates.

For equity securities not listed on an active market, the fair value was determined using, where existing, the price obtained from recent, ordinary market transactions between knowledgeable, willing parties.

Level 3

The fair value is calculated based on measurement techniques that use parameters that cannot be observed on the market as reference.
The Group recognises in this level certain equity securities, included under "Financial assets measured at fair value through other comprehensive income" and certificates of deposit, included under "Debt securities in issue", using the cost method.

For the purpose of disclosure, this category also includes the fair value of loans and deposits to/from banks and customers. For salary and pension assignment loans, the fair value is constructed as the present value of cash flows relating to repayments discounted at the average interest rate deriving from the assignments occurring during the year, also considering the pre-payment effects.

Quantitative Information

A.4.5 Fair value hierarchy

A.4.5.1 – Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value levels

FINANCIAL ASSETS/LIABILITIES MEASURED AT FAIR VALUE	Total 31/12/2021			Total 31/12/2020		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	11	15,001	80,437	0	21,581	56,830
a) Financial assets held for trading	11	6,352	49,808	0	12,413	32,090
b) Financial assets designated at fair value	0	0	0	0	0	0
c) Other financial assets mandatorily measured at fair value	0	8,649	30,629	0	9,168	24,740
2. Financial assets measured at fair value through other comprehensive income	1,286,904	225,000	86,261	255,754	287,400	112,803
3. Hedging derivatives	0	8,184	0	0	0	0
4. Property, plant and equipment	0	0	0	0	0	0
5. Intangible assets	0	0	0	0	0	0
TOTAL	**1,286,915**	**248,185**	**166,698**	**255,754**	**308,981**	**169,633**
1. Financial liabilities held for trading	0	7,924	0	0	14,523	0
2. Financial liabilities designated at fair value	0	42,907	0	0	44,996	0
3. Hedging derivatives	0	43,440	0	0	157,533	0
TOTAL	**0**	**94,271**	**0**	**0**	**217,052**	**0**

Key: L1=Level 1 L2=Level 2 L3=Level 3

A.4.5.2 – Annual changes in financial assets measured at fair value on a recurring basis (level 3)

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
A. OPENING BALANCE	**169,633**	**32,090**	**0**	**24,740**	**112,803**	**0**	**0**	**0**
2. INCREASES	**92,422**	**70,461**	**0**	**16,476**	**5,485**	**0**	**0**	**0**
2.1. Purchases	17,693	11	0	14,248	3,434	0	0	0
2.2. Profits recognised in:	38,592	35,793	0	1,947	1,212	0	0	0
2.2.1. Income statement	38,676	35,793	0	1,947	936	0	0	0
of which: capital gains	37,739	35,792	0	1,947	0	0	0	0
2.2.2. Shareholders' equity	276	X	0	X	276	0	0	0
2.3. Transfers from other levels	0	0	0	0	0	0	0	0
2.4. Other increases	35,777	34,657	0	281	839	0	0	0
3. DECREASES	**95,357**	**52,743**	**0**	**10,587**	**32,027**	**0**	**0**	**0**
3.1. Sales	19,352	18,966	0	77	309	0	0	0
3.2. Redemptions	25,845	0	0	0	25,845	0	0	0
3.3. Losses recognised in:	5,791	0	0	1	5,790	0	0	0
3.3.1. Income statement	34,369	31,970	0	1	2,398	0	0	0
of which: capital losses	31,971	31,970	0	1	0	0	0	0
3.3.2. Shareholders' equity	3,392	X	0	X	3,392	0	0	0
3.4. Transfers to other levels	0	0	0	0	0	0	0	0
3.5. Other decreases	12,399	1,807	0	10,509	83	0	0	0
4. CLOSING BALANCE	**166,698**	**49,808**	**0**	**30,629**	**86,261**	**0**	**0**	**0**

A.4.5.4 – Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value levels

ASSETS/LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A NON-RECURRING BASIS	Total 31/12/2021				Total 31/12/2020			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	11,617,445	1,311,537	0	10,305,909	12,099,664	2,996,069	0	9,103,595
2. Property, plant and equipment held for investment purposes	48,811	0	0	70,840	51,523	0	0	73,599
3. Non-current assets and disposal groups classified as held for sale	67,449	0	0	67,449	0	0	0	0
TOTAL	**11,733,705**	**1,311,537**	**0**	**10,444,198**	**12,151,187**	**2,996,069**	**0**	**9,177,194**
1. Financial liabilities measured at amortised cost	13,016,269	0	1,250,655	11,736,518	12,468,458	0	1,424,328	10,982,009
2. Liabilities associated with assets classified as held for sale	0	0	0	0	0	0	0	0
TOTAL	**13,016,269**	**0**	**1,250,655**	**11,736,518**	**12,468,458**	**0**	**1,424,328**	**10,982,009**

A.5 Information on "day one profit/loss"

The Group does not hold and has not held this type of instrument to which to apply the required disclosure.

SECTION 1– CASH AND CASH EQUIVALENTS - ITEM 10

1.1 CASH AND CASH EQUIVALENTS: BREAKDOWN	Total 2021	Total 2020
a) Cash	62,775	63,049
b) Current accounts and demand deposits at Central Banks	0	0
c) Current accounts and demand deposits at banks	17,521	16,153
Total	**80,296**	**79,202**

In line with the 7th update of Circular no. 262 of 22 December 2005, issued on 29 October 2021, the item "Cash and cash equivalents" includes current accounts and demand deposits at banks included up to 2020 under "Financial assets measured at amortised cost". For comparative purposes, the item relating to the 2020 financial year has been restated according to the new provisions of the 7th update.

SECTION 2 – FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - ITEM 20

2.1 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY TYPE	Total 2021			Total 2020		
Items/Balances	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Financial assets (non-derivatives)						
1. Debt securities	11	0	0	0	25	0
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	11	0	0	0	25	0
2. Equity instruments	0	0	0	0	0	0
3. Units of UCITS	0	0	0	0	0	0
4. Loans	0	0	49,808	0	0	32,090
4.1 Repurchase agreements	0	0	0	0	0	0
4.2 Other	0	0	49,808	0	0	32,090
Total (A)	**11**	**0**	**49,808**	**0**	**25**	**32,090**
B. Derivatives	0	0	0	0	0	0
1. Financial derivatives:	0	6,352	0	0	**12,388**	0
1.1 Trading	0	4,375	0	0	9,527	0
1.2 Linked to fair value option	0	1,977	0	0	2,861	0
1.3 Other	0	0	0	0	0	0
2. Credit derivatives	0	0	0	0	0	0
2.1 Trading	0	0	0	0	0	0
2.2 Linked to fair value option	0	0	0	0	0	0
2.3 Other	0	0	0	0	0	0
Total (B)	**0**	**6,352**	**0**	**0**	**12,388**	**0**
Total (A+B)	**11**	**6,352**	**49,808**	**0**	**12,413**	**32,090**

Key:
L1 = Level 1
L2 = Level 2
L3 = Level 3

The item “Financial trading derivatives - Level 2” includes the fair value measurement of the “operational hedge” derivative contracts for an amount of € 1,977 thousand, of which € 4,261 thousand relating to securitisation transactions.

2.2 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY BORROWER/ISSUER/COUNTERPARTY Items/Balances	Total 2021	Total 2020
A. Financial Assets (non-derivatives)		
1. Debt securities	**11**	**25**
a) Central Banks	0	0
b) Public administration	1	0
c) Banks	0	0
d) Other financial companies	10	25
of which: insurance companies	0	0
e) Non-financial companies	0	0
2. Equity instruments	**0**	**0**
a) Banks	0	0
b) Other financial companies	0	0
of which: insurance companies	0	0
c) Non-financial companies	0	0
d) Other issuers	0	0
3. Units of UCITS	**0**	**0**
4. Loans	**49,808**	**32,090**
a) Central Banks	0	0
b) Public administration	102	38
c) Banks	2	0
d) Other financial companies	41	0
of which: insurance companies	40	0
e) Non-financial companies	123	32
f) Households	49,540	32,020
Total (A)	**49,819**	**32,115**
B. Derivatives		
a) Central Counterparties	0	0
b) Other	6,352	12,388
Total (B)	**6,352**	**12,388**
Total (A+B)	**56,171**	**44,503**

2.5 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY TYPE Items/Balances	Total 2021			Total 2020		
	L1	L2	L3	L1	L2	L3
1. Debt securities	0	0	318	**0**	**0**	**772**
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	0	0	318	0	0	772
2. Equity instruments	**0**	**0**	**0**	**0**	**0**	**0**
3. Units of UCITS	**0**	**8,649**	**28,968**	**0**	**9,168**	**12,904**
4. Loans	**0**	**0**	**1,343**	**0**	**0**	**11,064**
4.1 Repurchase agreements	0	0	0	0	0	0
4.2 Other	0	0	1,343	0	0	11,064
Total	**0**	**8,649**	**30,629**	**0**	**9,168**	**24,740**

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

The item “Debt securities” consists:

- for € 216 thousand of mezzanine class securities connected with the Maggese securitisation transaction;
- for € 20 thousand of mezzanine class securities connected with the Pop NPLs 2019 securitisation transaction;
- for € 27 thousand of mezzanine class securities connected with the Pop NPLs 2020 securitisation transaction;
- for € 55 thousand of mezzanine class securities connected with the BCC NPLs 2021 securitisation transaction;

The Units of UCITS consist of:

- two Italian real estate funds, Fondo Core Nord Ovest NM and Fondo Alfieri Ret DS NM for a carrying amount of € 7,096 thousand and € 22,900 thousand respectively;
- four closed-end reserved alternative investment funds (carrying amount in brackets): Illimity Credit and Corporate Turnaround Fund (€ 4,194 thousand), IDEA CCR I Credit Sub-fund (€ 1,503 thousand), Fondo Nord Ovest in Liquidation (€ 50 thousand) and Fondo Atlante (€ 1,873 thousand).

2.6 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY BORROWER/ISSUER	Total 2021	Total 2020
1. Equity instruments	**0**	**0**
of which: banks	0	0
of which: other financial companies	0	0
of which: non-financial companies	0	0
2. Debt securities	**318**	**772**
a) Central Banks	0	0
b) Public administration	0	0
c) Banks	0	0
d) Other financial companies	318	772
of which: insurance companies	0	0
e) Non-financial companies	0	0
3. Units of UCITS	**37,617**	**22,072**
4. Loans	**1,343**	**11,064**
a) Central Banks	0	0
b) Public administration	0	0
c) Banks	13	55
d) Other financial companies	1,330	11,009
of which: insurance companies	0	0
e) Non-financial companies	0	0
f) Households	0	0
Total	**39,278**	**33,908**

SECTION 3 – FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - ITEM 30

3.1 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY TYPE	Total 2021			Total 2020		
Items/Balances	L1	L2	L3	L1	L2	L3
1. Debt securities	1,286,147	0	0	**255,054**	**0**	**0**
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	1,286,147	0	0	255,054	0	0
2. Equity instruments	**757**	**225,000**	**1,096**	**700**	**287,400**	**1,096**
3. Loans	0	0	85,165	**0**	**0**	**111,707**
Total	**1,286,904**	**225,000**	**86,261**	**255,754**	**287,400**	**112,803**

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

The item "Other debt securities" consists of:

- Italian government securities with a carrying amount of € 1,239,132 thousand;
- securities issued by EU member states for a carrying amount of € 47,015 thousand.

The item "Equity instruments" consists of investments in investee companies; the change compared to 2020 is due to the sale of the equity investment held in Cedacri S.p.A.

3.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY BORROWER/ISSUER Items/Balances	Total 2021	Total 2020
1. Debt securities	**1,286,147**	**255,054**
a) Central Banks	0	0
b) Public administration	1,286,147	255,054
c) Banks	0	0
d) Other financial companies	0	0
of which: insurance companies	0	0
e) Non-financial companies	0	0
2. Equity instruments	**226,853**	**289,196**
a) Banks	225,754	225,692
b) Other issuers:	1,099	63,504
- other financial companies	747	752
of which: insurance companies	0	0
- non-financial companies	352	62,752
- other	0	0
3. Loans	**85,165**	**111,707**
a) Central Banks	0	0
b) Public administration	617	825
c) Banks	2	1
d) Other financial companies	530	345
of which: insurance companies	522	336
e) Non-financial companies	433	693
f) Households	83,583	109,843
Total	**1,598,165**	**655,957**

As at 31 December 2021, all financial assets measured at fair value through other comprehensive income are linked to Italian borrowers/issuers, with the following exceptions:

- € 35 thousand relating to the investee company SWIFT;
- € 47,015 thousand from securities issued by EU member states.

During the first half of 2021, the sale of the equity investment held in Cedacri S.p.A. was finalised. The transaction took place with the sale of 100% of the share capital of the investee to a newly incorporated company under Irish law.

3.3 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: GROSS VALUE AND OVERALL VALUE ADJUSTMENTS	Gross value					Overall value adjustments				Total partial write-offs (*)
	Stage 1	of which: instruments with low credit risk	Stage 2	Stage 3	*purchased or originated credit impaired*	Stage 1	Stage 2	Stage 3	*purchased or originated credit impaired*	
Debt securities	1,286,441	1,286,441	0	0	0	-294	0	0	0	**0**
Loans	80,052	77,734	133	10,957	0	-375	-29	-5,573	0	**0**
Total 2021	**1,366,493**	**1,364,175**	**133**	**10,957**	**0**	**-669**	**-29**	**-5,573**	**0**	**X**
Total 2020	**360,261**	**360,261**	**1,756**	**10,715**	**988**	**-573**	**-370**	**-5,807**	**-209**	**0**

** Value to be presented for disclosure purposes*

3.3A LOANS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME SUBJECT TO COVID-19 SUPPORT MEASURES: GROSS VALUE AND OVERALL VALUE ADJUSTMENTS	Gross value					Overall value adjustments				Total partial write-offs (*)
	Stage 1	of which: instruments with low credit risk	Stage 2	Stage 3	*purchased or originated credit impaired*	Stage 1	Stage 2	Stage 3	*purchased or originated credit impaired*	
1. Forborne loans compliant with the GL	0	0	0	0	0	0	0	0	0	0
2. Loans subject to moratorium measures in place no longer compliant with the GL and not assessed as subject to forbearance	0	0	0	0	0	0	0	0	0	0
3. Loans subject to other forbearance measures	0	0	0	0	0	0	0	0	0	0
4. New loans	0	0	0	0	0	0	0	0	0	0
Total 2021	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total 2020	**71**	**0**	**0**	**7**	**0**	**0**	**0**	**0**	**0**	**0**

IMPAIRMENT TEST ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In compliance with IFRS 9, the bonds present in the FVOCI portfolio were tested for impairment with the recognition of a value adjustment of € 294 thousand, fully attributable to instruments classified in stage 1.

It also includes salary and pension assignment loans, included within the hold to collect and sell business model, amounting overall to € 85,165 thousand, of which performing loans of € 80 million. The gross value of these loans was appropriately adjusted by the impairment provision calculated on individual positions.

SECTION 4 – FINANCIAL ASSETS MEASURED AT AMORTISED COST - ITEM 40

4.1 FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN OF LOANS AND ADVANCES TO BANKS	Total 2021						Total 2020					
	Book value			*Fair value*			Book value			*Fair value*		
Type of transaction/Amounts	Stage 1 and 2	Stage 3	*purchased or originated credit impaired*	L1	L2	L3	Stage 1 and 2	Stage 3	*purchased or originated credit impaired*	L1	L2	L3
A. Loans and advances to Central Banks	**2,939,459**	**0**	**0**	**0**	**0**	**2,939,459**	**1,797,733**	**0**	**0**			**1,797,733**
1. Time deposits	0	0	0	X	X	X	0	0	0	X	X	X
2. Compulsory reserve	2,939,459	0	0	X	X	X	1,797,733	0	0	X	X	X
3. Repurchase agreements	0	0	0	X	X	X	0	0	0	X	X	X
4. Other	0	0	0	X	X	X	0	0	0	X	X	X
B. Loans and advances to banks	**46,220**	**0**	**0**	**0**	**0**	**46,220**	**161,364**	**0**	**0**	**0**	**0**	**161,364**
1. Loans	46,220	0	0	0	0	46,220	161,364	0	0	0	0	161,364
1.1 Current accounts	112	0	0	X	X	X	0	0	0	X	X	X
1.2. Time deposits	0	0	0	X	X	X	0	0	0	X	X	X
1.3. Other loans:	46,108	0	0	X	X	X	161,364	0	0	X	X	X
- Reverse repurchase agreements	0	0	0	X	X	X	0	0	0	X	X	X
- Lease loans	0	0	0	X	X	X	0	0	0	X	X	X
- Other	46,108	0	0	X	X	X	161,364	0	0	X	X	X
2. Debt securities	0	0	0	0	0	0	0	0	0	0	0	0
2.1 Structured securities	0	0	0	0	0	0	0	0	0	0	0	0
2.2 Other debt securities	0	0	0	0	0	0	0	0	0	0	0	0
Total	**2,985,679**	**0**	**0**	**0**	**0**	**2,985,679**	**1,959,097**	**0**	**0**	**0**	**0**	**1,959,097**

Key
FV= Fair value
BV = Book value

The item “Other loans - Other” consists primarily of the guarantee deposit guaranteeing derivative contracts for € 42,635 thousand.

In line with the 7th update of Circular no. 262 of 22 December 2005, issued on 29 October 2021, the item "Cash and cash equivalents" includes current accounts and demand deposits at banks included up to 2020 under "Financial assets measured at amortised cost". For comparative purposes, the item relating to the 2020 financial year has been restated according to the new provisions of the 7th update.

4.2 FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN OF LOANS AND ADVANCES TO CUSTOMERS	Total 2021						Total 2020					
	Book value			*Fair value*			Book value			*Fair value*		
Type of transaction/Amounts	Stage 1 and 2	Stage 3	*purchased or originated credit impaired*	L1	L2	L3	Stage 1 and 2	Stage 3	*purchased or originated credit impaired*	L1	L2	L3
1. Loans	**6,714,646**	**246,916**	**13,437**	**0**	**0**	**6,974,999**	**6,366,738**	**326,086**	**15,531**	**0**	**0**	**6,692,824**
1. Current accounts	327,951	18,386	1,097	X	X	X	412,513	29,352	**640**	X	X	X
2. Reverse repurchase agreements	0	0	0	X	X	X	0	0	**0**	X	X	X
3. Mortgages	4,763,959	205,738	10,779	X	X	X	4,595,438	278,049	**12,354**	X	X	X
4. Credit cards and personal loans, including salary and pension assignment	849,401	17,496	1,145	X	X	X	725,215	13,894	**1,897**	X	X	X
5. Lease loans	0	0	0	X	X	X	0	0	**0**	X	X	X
6. Factoring	0	0	0	X	X	X	0	0	**0**	X	X	X
7. Other loans	773,335	5,296	416	X	X	X	633,572	4,791	**640**	X	X	X
2. Debt securities	**1,656,767**	**0**	**0**	**1,311,537**	**0**	**345,231**	**3,431,590**	0	**0**	**2,996,069**	**0**	**435,521**
2.1. Structured securities	0	0	0	0	0	0	0	0	**0**	0	0	0
2.2. Other debt securities	1,656,767	0	0	1,311,537	0	345,231	3,431,590	0	**0**	2,996,069	0	435,521
Total	**8,371,413**	**246,916**	**13,437**	**1,311,537**	**0**	**7,320,230**	**9,798,328**	**326,086**	**15,531**	**2,996,069**	**0**	**7,128,345**

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

In line with the 7th update of Circular no. 262 of 22 December 2005, issued on 29 October 2021, the information relating to "purchased or originated credit impaired" financial assets has been excluded from the breakdown by credit risk stage and recorded separately. For comparative purposes, the data for the 2020 financial year have been recalculated.

Debt securities primarily consist of:

- € 114,992 thousand from senior class securities connected to the Maggese securitisation transaction with derecognition;
- € 1,182,613 thousand from securities issued by the Italian State;
- € 278,656 thousand from securities issued by EU member states;
- € 15,114 thousand from securities representing loans disbursed by Credimi;
- € 13,323 thousand from senior class securities connected to the Pop NPLs 2019 securitisation transaction with derecognition;
- € 19,168 thousand from senior class securities connected to the Pop NPLs 2020 securitisation transaction with derecognition;
- € 28,250 thousand from senior class securities connected to the BCC NPLs 2021 securitisation transaction with derecognition;
- € 4,651 thousand from medium/long-term debt securities issued by unlisted Italian companies.

The stock of non-performing loans declined with respect to the end of last year following the derisking transactions carried out to transfer bad loans via the "GACS" scheme and the Small Ticket transfer.

Loans and advances to customers are shown net of third-party funds under administration which amount to € 26,464 thousand.

For details on non-performing assets, please refer to "Part E – Information on risks and relative hedging policies, Section 1 - Credit Risk."

4.3 FINANCIAL ASSETS MEASURED AT AMORTIZED COST: BREAKDOWN BY BORROWER/ISSUER OF LOANS AND ADVANCES TO CUSTOMERS	Total 2021			Total 2020		
Type of transaction/Amounts	Stage 1 and 2	Stage 3	*purchased or originated credit impaired*	Stage 1 and 2	Stage 3	*purchased or originated credit impaired*
1. Debt securities	**1,656,767**	**0**	**0**	**3,431,590**	**0**	**0**
a) Public administration	1,461,269	0	0	3,244,826	0	0
b) Other financial companies	190,847	0	0	185,496	0	0
of which: insurance companies	0	0	0	0	0	0
c) Non-financial companies	4,651	0	0	1,268	0	0
2. Loans to:	**6,714,646**	**246,916**	**13,437**	**6,366,738**	**326,086**	**15,531**
a) Public administration	35,786	934	1	42,491	74	0
b) Other financial companies	64,667	115	0	48,156	296	0
of which: insurance companies	5,407	0	0	4,347	0	0
c) Non-financial companies	2,604,548	136,055	7,808	2,577,151	200,070	10,056
d) Households	4,009,645	109,812	5,628	3,698,940	125,646	5,475
Total	**8,371,413**	**246,916**	**13,437**	**9,798,328**	**326,086**	**15,531**

4.4 FINANCIAL ASSETS MEASURED AT AMORTISED COST: GROSS VALUE AND OVERALL VALUE ADJUSTMENTS	Gross value					Overall value adjustments				*Total partial write-offs**
Type of transaction/Amounts	Stage 1	of which: Instruments with low credit risk	Stage 2	Stage 3	*purchased or originated credit impaired*	Stage 1	Stage 2	Stage 3	*purchased or originated credit impaired*	
Debt securities	1,657,420	1,657,420	0	0	0	(653)	0	0	0	0
Loans	8,868,992	480,244	890,544	479,669	19,521	(12,893)	(46,318)	(232,753)	(6,084)	(50,742)
Total 2021	**10,526,412**	**2,137,664**	**890,544**	**479,669**	**19,521**	**(13,546)**	**(46,318)**	**(232,753)**	**(6,084)**	**(50,742)**
Total 2020	**10,986,503**	**3,823,156**	**853,225**	**666,309**	**0**	**(18,553)**	**(47,597)**	**(340,223)**	**0**	**8,712**

** Value to be presented for disclosure purposes*

4.4a LOANS MEASURED AT AMORTISED COST SUBJECT TO COVID-19 SUPPORT MEASURES: GROSS VALUE AND OVERALL VALUE ADJUSTMENTS	Gross value					Overall value adjustments				*Total partial write-offs**
	Stage 1	of which: Instruments with low credit risk	Stage 2	Stage 3	*purchased or originated credit impaired*	Stage 1	Stage 2	Stage 3	*purchased or originated credit impaired*	
1. Forborne loans compliant with the GL	554	0	3,513	0	0	-3	-362	0	0	0
2. Loans subject to moratorium measures in place no longer compliant with the GL and not assessed as subject to forbearance	61,536	0	47,859	5,372	404	-178	-3,455	-2,286	-54	0
3. Loans subject to other forbearance measures	566	0	256,793	15,862	153	-36	-13,766	-5,964	-9	0
4. New loans	930,788	0	55,267	9,491	1,626	-711	-493	-3,785	-318	0
Total 2021	**993,444**	**0**	**363,432**	**30,725**	**2,183**	**-928**	**-18,076**	**-12,035**	**-381**	**0**
Total 2020	**810,304**	**0**	**195,129**	**7,184**	**0**	**-2,626**	**-11,558**	**-2,950**	0	**0**

With reference to non-performing loans, please refer to the detailed disclosure provided below in table A.1.5, Part E of these Notes to the consolidated financial statements.

SECTION 5 – HEDGING DERIVATIVES - ITEM 50

5.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF CONTRACT AND UNDERLYING ASSET	*Fair value 2021*			NV	*Fair value 2020*			NV
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives	**0**	**8,184**	**0**	**810,000**	**0**	**0**	**0**	**0**
1) Fair value	0	8,184	0	810,000	0	0	0	0
2) Cash flows	0	0	0	0	0	0	0	0
3) Foreign investments	0	0	0	0	0	0	0	0
B) Credit derivatives	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1) Fair value	0	0	0	0	0	0	0	0
2) Cash flows	0	0	0	0	0	0	0	0
TOTAL	**0**	**8,184**	**0**	**810,000**	**0**	**0**	**0**	**0**

5.2 HEDGING DERIVATIVES: BREAKDOWN BY PORTFOLIOS HEDGED AND BY HEDGING TYPE	*Fair Value*							Cash flow		Foreign investments
	Micro-hedge						Macro-hedge	Micro-hedge	Macro-hedge	
Transaction/Type of hedge	Debt securities and interest rates	Equity instruments and stock indices	Currencies and gold	Credit	Commodities	Other				
1. Assets measured at *fair value* through other comprehensive income	8,184	0	0	0	X	X	X	0	X	X
2. Financial assets measured at amortised cost	0	X	0	0	X	X	X	0	X	X
3. Portfolio	X	X	X	X	X	X	0	X	0	X
4. Other transactions	0	0	0	0	0	0	X	0	X	0
Total assets	**8,184**	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**
1. Financial liabilities	X	X	0	0	0	0	X	0	X	X
2. Portfolio	X	X	X	X	X	X	0	X	0	X
Total liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1. Expected transactions	X	X	X	X	X	X	X	0	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	0	X	0	0

SECTION 6 – CHANGE IN VALUE OF MACRO-HEDGED FINANCIAL ASSETS - ITEM 60

There are no items of this type.

SECTION 7 – EQUITY INVESTMENTS - ITEM 70

7.5 EQUITY INVESTMENTS: ANNUAL CHANGES	Total 2021	Total 2020
A. Opening balance	**82**	**77**
B. Increases	**2**	**5**
B.1 Purchases	0	0
B.2 Write-backs	0	0
B.3 Revaluations	0	0
B.4 Other changes	2	5
C. Decreases	**0**	**0**
C.1 Sales	0	0
C.2 Value adjustments	0	0
C.3 Write-downs	0	0
C.4 Other changes	0	0
D. Closing balance	**84**	**82**
E. Total revaluations	**0**	**0**
F. Total adjustments	**5,938**	**5,938**

SECTION 8 – INSURANCE RESERVES CHARGED TO REINSURERS - ITEM 80

There are no items of this type.

SECTION 9 – PROPERTY, PLANT AND EQUIPMENT - ITEM 90

9.1 PROPERTY, PLANT AND EQUIPMENT USED IN THE BUSINESS: BREAKDOWN OF ASSETS CARRIED AT COST Asset/Amounts	Total 2021	Total 2020
1. Owned assets	**111,090**	**112,822**
a) land	14,817	14,855
b) buildings	81,064	83,103
c) furniture and furnishings	6,904	6,756
d) electronic equipment	3,781	4,270
e) other	4,524	3,838
2. Rights of use acquired with leases	**38,890**	**38,997**
a) land	0	0
b) buildings	38,261	38,281
c) furniture and furnishings	8	0
d) electronic equipment	0	0
e) other	621	716
Total	**149,980**	**151,819**
of which: obtained by enforcing guarantees received	0	0

The item “other” includes the RoUs referring to the rental of vehicles.

9.2 PROPERTY, PLANT AND EQUIPMENT HELD FOR INVESTMENT: BREAKDOWN OF ASSETS CARRIED AT COST	Total 2021				Total 2020			
	Book value	*Fair value*			Book value	*Fair value*		
Asset/Amounts		L1	L2	L3		L1	L2	L3
1. Owned assets	**48,811**	**0**	**0**	**70,840**	**51,523**	**0**	**0**	**73,599**
a) land	21,239	0	0	22,776	21,445	0	0	23,155
b) buildings	27,572	0	0	48,064	30,078	0	0	50,444
2. Rights of use acquired with leases	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
a) land	0	0	0	0	0	0	0	0
b) buildings	0	0	0	0	0	0	0	0
Total	**48,811**	**0**	**0**	**70,840**	**51,523**	**0**	**0**	**73,599**
of which: obtained by enforcing guarantees received	0	0	0	0	0	0	0	0

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

9.6 PROPERTY, PLANT AND EQUIPMENT USED IN THE BUSINESS: ANNUAL CHANGES	Land	Buildings	Furniture and furnishings	Electronic equipment	Other	Total
A. Gross opening balance	**16,485**	**185,362**	**41,661**	**38,939**	**48,771**	**331,218**
A.1 Total net decreases	1,630	63,978	34,905	34,669	44,217	179,399
A.2 Net opening balance	**14,855**	**121,384**	**6,756**	**4,270**	**4,554**	**151,819**
B. Increases:	**254**	**40,250**	**13,558**	**16,384**	**16,285**	**86,731**
B.1 Purchases	254	6,469	1,284	1,680	2,782	**12,469**
B.2 Capitalised expenditure on improvements	0	0	0	0	0	**0**
B.3 Recoveries	0	0	0	0	0	**0**
B.4 Increases in fair value booked to	0	0	0	0	0	**0**
a) shareholders' equity	0	0	0	0	0	**0**
b) income statement	0	0	0	0	0	**0**
B.5 Positive exchange differences	0	0	0	0	0	**0**
B.6 Transfer from properties held for investment	0	0	X	X	X	**0**
B.7 Other changes	0	33,781	12,274	14,704	13,503	**74,262**
C. Decreases:	**292**	**42,309**	**13,402**	**16,873**	**15,694**	**88,570**
C.1 Sales	0	0	0	0	0	**0**
C.2 Depreciation	0	9,323	1,171	2,199	1,951	**14,644**
C.3 Impairment losses booked to	0	0	0	0	0	**0**
a) shareholders' equity	0	0	0	0	0	**0**
b) income statement	0	0	0	0	0	**0**
C.4 Decreases in fair value booked to	0	0	0	0	0	**0**
a) shareholders' equity	0	0	0	0	0	**0**
b) income statement	0	0	0	0	0	**0**
C.5 Negative exchange differences	0	0	0	0	0	**0**
C.6 Transfers to:	0	0	0	0	63	**63**
a) property, plant and equipment held for investment	0	0	X	X	X	**0**
b) non-current assets held for sale and discontinued operations	0	0	0	0	63	**63**
C.7 Other changes	292	32,986	12,231	14,674	13,680	**73,863**
D. Net closing balance	**14,817**	**119,325**	**6,912**	**3,781**	**5,145**	**149,980**
D.1 Total net decreases	0	70,721	35,976	36,811	45,817	189,325
D.2 Gross closing balance	**14,817**	**190,046**	**42,888**	**40,592**	**50,962**	**339,305**
E. Carried at cost	0	0	0	0	0	0

The cost valuation criterion is used for all asset classes.

Items A.1 and D.1 “Total net decreases” include the sum of depreciation plus the impairment losses recognised to align the carrying amount of the assets with their recoverable amount.

For additional information, please refer to Part A - Section 15 - Other information in these Notes to the consolidated financial statements.

9.2 PROPERTY, PLANT AND EQUIPMENT HELD FOR INVESTMENT: ANNUAL CHANGES	Total	
	Land	Buildings
A. Opening balance	**21,445**	**30,078**
B. Increases	**0**	**6,609**
B.1 Purchases	0	145
B.2 Capitalised expenditure on improvements	0	0
B.3 Increases in fair value	0	0
B.4 Write-backs	0	0
B.5 Positive exchange differences	0	0
B.6 Transfer from properties used in the business	0	0
B.7 Other changes		6,464
C. Decreases	**206**	**9,115**
C.1 Sales	24	47
C.2 Depreciation	0	1,284
C.3 Decreases in fair value	0	0
C.4 Impairment losses	0	0
C.5 Negative exchange differences	0	0
C.6 Transfers to:	182	1,366
a) properties used in the business	0	0
b) non-current assets held for sale and discontinued operations	182	1,366
C.7 Other changes	0	6,418
D. Closing balance	**21,239**	**27,572**
E. Measured at fair value	22,776	48,064

The cost valuation criterion is used for all asset classes.

SECTION 10 – INTANGIBLE ASSETS - ITEM 100

10.1 INTANGIBLE ASSETS: BREAKDOWN BY TYPE	Total 2021		Total 2020	
Asset/Amounts	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	**X**	**66,269**	**0**	**66,142**
A.1.1 attributable to the Group	X	66,269	0	66,142
A.1.2 attributable to minorities	X	0	0	0
A.2 Other intangible assets	**22,913**	**0**	**22,351**	**0**
Of which: *software*	12,294	0	4,703	**0**
A.2.1 Assets carried at cost	22,913	0	22,351	0
a) Intangible assets generated internally	0	0	0	0
b) Other assets	22,913	0	22,351	0
A.2.2 Assets measured at fair value	0	0	0	0
a) Intangible assets generated internally	0	0	0	0
b) Other assets	0	0	0	0
Total	**22,913**	**66,269**	**22,351**	**66,142**

The item “Finite life” includes application software, the surface rights relating to the area where the Parent Company’s Branch no. 13 is built and intangible assets recognised in the financial statements following the acquisition of the subsidiary Biverbanca S.p.A. in 2012. The item “Indefinite life” includes the definitive recognition of goodwill realised in the acquisition carried out in 2012 by the Parent

Company of 60.42% of Biverbanca S.p.A., equal to € 57.25 million, the recognition of goodwill realised in the acquisition of 65% of the company Pitagora Contro Cessione del Quinto S.p.A. in 2015, equal to € 8.9 million and the recognition of goodwill realised in the acquisition of 65% of the company We Finance S.p.A. in 2021 for € 126.7 thousand by the subsidiary Pitagora.

Impairment test

In view of the persisting crisis caused by the COVID-19 pandemic and consistent with Supervisory Authority instructions, Banca di Asti carried out the impairment test of the intangible assets and goodwill when preparing the consolidated financial statements as at 31 December 2021, taking into account the most up-to-date estimates of impacts expected from the pandemic.

Following the merger by incorporation of Biverbanca into Banca di Asti which took place in 2021, goodwill and intangible assets with a defined useful life previously referable to the former Biverbanca CGU were allocated to the Banca di Asti CGU, identified as the banking business of the Parent Company, net of the contribution of the Pitagora CGU.

Reference was made to the following baseline information to develop the impairment test:
With reference to Banca di Asti:

- Financial statements as at 31 December 2020;
- Draft financial statements as at 31 December 2021, approved by the Board of Directors;
- Strategic plan containing the 2022-2024 individual economic and equity projections approved by the Board of Directors on 20 December 2021;
- Individual economic and financial projections relating to the 2025-2026 period of the Banca di Asti prepared for the purposes of the *impairment test* and approved by the Board of Directors on 27 January 2022;
- Information publicly available in relation to the reference market (volatility ratios, market rates, forecast performance, etc.).

With reference to Pitagora:

- Financial statements as at 31 December 2020;
- Draft financial statements as at 31 December 2021, approved by the Pitagora Board of Directors;
- Strategic plan containing the 2022-2024 economic and equity projections approved by the Board of Directors on 17 January 2022;
- Economic-financial projections relating to the 2025-2026 period prepared for the purpose of the *impairment test*;
- Information publicly available in relation to the reference market (volatility ratios, market rates, etc.).

The impairment test was developed by taking into account a scenario heavily influenced by the impacts of the persistence of the COVID-19 pandemic and resulting high-level uncertainty and volatility still observed on the financial markets. During

2021, despite the progress of the vaccination campaign and the measures implemented by Governments and Central Banks to contain the negative effects of COVID-19 on the economy, the macroeconomic scenario was still characterised by high uncertainty also in relation to the spread of the most contagious variants, first Delta and later Omicron.

A) *Impairment Test* of the goodwill of the "Cassa di Risparmio di Asti S.p.A." *CGU*

On 28 December 2012, Cassa di Risparmio di Asti S.p.A. acquired 60.42% of Biverbanca from Banca Monte dei Paschi di Siena for consideration of € 275.25 million, inclusive of the price adjustment linked to the value of the Biverbanca S.p.A. equity investment in the Bank of Italy.

The acquisition of control over Biverbanca S.p.A. entailed the application of IFRS 3 (Business Combinations), which requires assets acquired and liabilities assumed to be accounted for in the consolidated financial statements at their fair value at the acquisition date, including any identifiable intangible assets not recognised in the financial statements of the acquired company, and the determination of goodwill on a residual basis, as the difference between the cost of the business combination and the net fair value of the assets and liabilities acquired.

Cassa di Risparmio di Asti S.p.A. relied on the possibility established by IFRS 3 to perform a provisional purchase price allocation.
Then, in the 2013 consolidated financial statements of the Cassa di Risparmio di Asti Group, definitive goodwill of € 57.25 million was recognised. In 2019, Cassa di Risparmio di Asti acquired the minority interests not yet held by the Bank, thereby achieving a 100% interest in the share capital of Biverbanca S.p.A.

Following the merger by incorporation of Biverbanca into Banca di Asti which took place in 2021, goodwill and intangible assets with a defined useful life previously referable to the former Biverbanca CGU were allocated to the Banca di Asti CGU, identified as the banking business of the Parent Company, net of the contribution of the Pitagora CGU.

IAS 36 sets out the principles for recognition and reporting of impairment for certain types of assets, including goodwill, illustrating the principles that an entity must follow to make sure that the carrying amount of its assets is not higher than their recoverable amount.

IAS 36 defines recoverable amount as the higher of:

- *fair value net of costs to sell - which represents the price at which an asset may be sold in the market;*
- *value in use - which represents the present value of expected future cash flows that are likely to be received from the continuous use of the asset subject to valuation.*

IAS 36 requires the carrying amount of goodwill to be compared with the recoverable amount whenever there is an indication that the asset may have been impaired and in any case at least once a year.

The recoverable amount of goodwill is estimated with reference to the cash-generating unit (CGU), since goodwill by its nature does not generate cash flows independently from an asset.
A CGU is the smallest identifiable group of assets that generates cash inflows from continuing use which are largely independent of the cash inflows from other assets or groups of assets, which it is possible to recognise separately in management reporting systems. The goodwill set forth in the consolidated financial statements of the Cassa di Risparmio di Asti Group as at 31 December 2021, amounting to € 57.25 million, recognised following the acquisition of 60.42% of the share capital of Biverbanca in December 2012 and the completion of the purchase price allocation process pursuant to IFRS 3 - Business Combinations, was tested for impairment. *This goodwill is allocated to the Banca di Asti CGU; in this regard, note that, as envisaged in the accounting standards, it remained unchanged after the acquisition by Banca di Asti of full control over Biverbanca*.
In relation to what is established in IAS 36 and the considerations set forth above, the impairment test on the above-mentioned goodwill called for the performance of the following activities, also carried out with the assistance of a major consultancy firm:

- determination of the carrying amount of the CGU;
- determination of the recoverable amount of the CGU and comparison with the carrying amount.

1. Determination of the carrying amount of the CGU

As at 31 December 2021, the carrying amount of the CGU is equal to € 948.4 million and was determined on the basis of the sum of:

- Tangible shareholders' equity (excluding *software*) as at 31 December 2021 equal to € 1,034.7 million, net of the contribution of the subsidiary Pitagora equal to € 86.3 million.

2. Determination of the recoverable amount of the CGU and comparison with the carrying amount

<u>Fair Value</u>

Pursuant to IFRS 13, fair value represents the price that would be received for the sale of an asset or which would be paid for the transfer of a liability in an orderly transaction between market participants at the valuation date.
In order to determine the recoverable amount of the Biverbanca CGU at the reporting date of 31 December 2021, recourse was made only to the estimate of the value in use, as described in the following section, without proceeding with the calculation of fair value.

<u>Value in Use</u>

The value in use was estimated by applying the "excess capital" version of the Dividend Discount Model (DDM) method.
The DDM method was developed on the basis of the balance sheet as at 31 December 2021 and the economic and financial projections for 2022-2026 approved by the Boards of Directors.
The CGU's value in use was determined by discounting future distributable cash flows, based on the following formula:

$$W = \sum_{i=1}^{n} \frac{D_i}{(1+Ke)^i} + \frac{TV}{(1+Ke)^n}$$

where:
W = Value in use
D_i = Potentially distributable dividend in the i-th explicit planning period
Ke = Discounting rate represented by the cost of equity
n = Explicit projection period (expressed in number of years)
TV = Terminal Value at the end of the explicit planning period
The valuation of the calculation parameters was defined as described below:

Dividends potentially distributable in the projection period

The potentially distributable dividend flows were defined on the basis of the above-mentioned economic and financial projections, updated in the light of the market scenario as at the reporting date. Consistently with the methods for determining the carrying amount, the contribution of Pitagora in terms of profitability and contribution to the supervisory capital of Banca di Asti was reversed.

In particular, the projections underlying the estimation of potentially distributable dividends include the following baseline projections:

- growth over the time horizon envisaged in the plan for net loans (CAGR '21-'26 of +4.1%) and the simultaneous stability of direct funding (CAGR '21-'26 of 0.2%).
- indirect funding is forecast to increase at an annual average rate of 6.6% to reach around € 9.7 billion in 2026. The contribution from managed funding to the total indirect funding is estimated to reach 69.3% in 2026, from 66.1% in 2021.
- net banking income is forecast to grow at an average annual rate of 3.8% to reach € 425.8 million in 2026. The expected positive performance is attributable to the interest margin (CAGR '21-'26 of +3.2%), resulting from the forecast increase in brokered volumes, and commission revenues are expected to grow at an average annual rate of +6.0%, in line with the forecast growth in indirect funding.
- operating costs are estimated by assuming an increase from € 220.5 million in 2021 to € 245.6 million in 2026, recording a CAGR '21-'26 of +2.2%.

In the development of distributable flows, a capital absorption and a Tier 1 ratio of 10.50% and a Total Capital Ratio of 12.50% were considered, in line with the

Supervisory provisions and with the result of the most recent SREP for the Cassa di Risparmio di Asti Group.

Cost of equity

The cost of equity, equal to 8.12%, was estimated on the basis of the Capital Asset Pricing Model (CAPM), considering:

- Risk-free investment rate of return estimated at 0.77%, in line with the average annual yield as at 31 December 2021 of BTPs maturing in ten years;
- Beta, correlation factor between the actual return on a share and the total return on the reference market - assumed to be 1.226 - on the basis of the average coefficient reported on a sample of Italian retail banks (average surveys at 5 years, monthly);
- *Market risk premium, equal to 6.0%, in line with current valuation practice in the Italian market.*

Terminal value

The terminal value was determined by assuming:

- a potentially distributable dividend at the end of the plan horizon;
- a long-term growth rate of 1.5%.

Sensitivity analysis

A sensitivity analysis was developed on the values obtained in reaction to changes in the value of:

- the cost of equity (+/- 0.50%);
- the long-term growth rate (+/- 0.50%);
- the expected result at the end of the projection period (+/- 10.00%).

The DDM method, developed on the basis of the elements described, leads to the estimate of a recoverable amount on average equal to € 1,022 million against the carrying amount of the Banca di Asti CGU in the consolidated financial statements equal to € 948 million.

The limit parameters which, individually considered, lead to a recoverable amount corresponding to the carrying amount are:

	Parameters/amounts used	"Limit" parameters/amounts
		Consolidated CGU
Cost of capital (Ke)	8.12%	8.75% (+63 bps)
Long-term growth rate (g)	1.50%	Negative/not significant
Net profit in the last projection year	€ 74.3 million	€ 67.6 million (-9.0%)

Intangible assets with finite useful life

In accordance with IAS 36, considerations were made on the intangible assets with a finite useful life recognised in the financial statements following the acquisition of Biverbanca in order to check for the presence of indicators of impairment.

As at 31 December 2021, the carrying amount of those intangibles after annual amortisation is as follows:

- *Core deposits linked to current accounts of € 12.2 million;*
- *Assets under management and Assets under custody of € 2.0 million;*
- Biverbanca trademark for € 0.5 million.

Specifically, the core deposits and intangibles linked to Assets under management and custody (which represent roughly 92% of total intangibles) have a residual life of between 10 years for core deposits and 4 years for Assets under management and custody.

The annual amortisation of core deposits is equal to roughly € 1.4 million and of Assets under management and custody to € 0.7 million.
The value of such intangibles is based in particular on the following variables:

- evolution of volumes over time, throughout the remaining useful life;
- profitability (i.e. mark down and commission income);
- direct asset management costs;
- future cash flow discounting rate.

As at 31 December 2021, in the light of the effects of the spread of COVID-19, the following were observed:

- Evolution of volumes: direct funding relating to current accounts and savings deposits amounted to € 7,807 million after the merger. Indirect funding volumes rose from € 2,475 million as at 31 December 2020 to € 7,027 million as at 31 December 2021.
- *Profitability: core deposits recorded a negative mark-down in 2021.* Commission revenues relating to AuM and AuC totalled 74 bps.
- Direct costs: the cost income ratio as at 31 December 2020 stood at 60%.
- Discount rate: in 2021, the discount rate, represented by the cost of equity, stood at 8.12%.

In particular, the discount rate as at 31 December 2021 (equal to 8.12%), represented by the cost of equity, is lower than that of PPA (equal to 9.73%).

As at 31 December 2021, on the basis of the observation of the trend in the above-mentioned variables, it is deemed that there are no reasons to believe that the intangible assets have suffered from additional impairment beyond their annual amortisation.

B) *Impairment test on the goodwill of the Pitagora Contro Cessione del Quinto S.p.A. CGU*

On 1 October 2015, Cassa di Risparmio di Asti S.p.A. acquired control over the company Pitagora S.p.A.

The acquisition of control entails the application of IFRS 3 (Business Combinations), which requires assets acquired and liabilities assumed to be accounted for in the consolidated financial statements at their fair value at the acquisition date, including any identifiable intangible assets not recognised in the financial statements of the acquired company, and the determination of goodwill on a residual basis, as the difference between the cost of the business combination and the net fair value of the assets and liabilities acquired.

Cassa di Risparmio di Asti S.p.A. relied on the possibility established by IFRS 3 to perform a provisional purchase price allocation.

Therefore, in the Group's consolidated financial statements as at 31 December 2015, provisional goodwill of € 8,895 million was recognised in relation to the Pitagora S.p.A. CGU. The carrying amount of the Pitagora S.p.A. CGU was equal to € 89.2 million and was determined on the basis of the sum of:

- tangible shareholders' equity of Pitagora as at 31 December 2021 equal to € 77.3 million;
- provisional goodwill of € 8,895 million, calculated as the excess of the price paid over the pro rata shareholders' equity post adjustments, grossed up.
- carrying amount of the investee We Finance.

In determining the fair value of the CGU, the consideration used as a reference is equal to € 38,225 million.

During the course of 2016, the activity of valuing the assets, liabilities and contingent liabilities for the determination of definitive goodwill was completed: the activities performed did not bring to light additional fair values such so as to determine goodwill different from that provisionally determined at the time of the acquisition.

For Pitagora S.p.A., the goodwill set forth in the consolidated financial statements of the Cassa di Risparmio di Asti Group as at 31 December 2021, amounting to € 8,895 million, recognised following the acquisition of 65% of the share capital in October 2015 and the completion of the purchase price allocation process pursuant to IFRS 3 - Business Combinations, was tested for impairment.

In continuity with 31 December 2019, and in line with the internal reporting system, this goodwill is allocated to the CGU corresponding to the equity investment in Pitagora S.p.A.

In relation to what is established in IAS 36 and the considerations set forth above, the impairment test on the above-mentioned goodwill called for the performance of the following activities, also carried out with the assistance of a major consultancy firm:

- Determination of the carrying amount of the CGU;
- Determination of the recoverable amount of the CGU and comparison with the carrying amount.

1. Determination of the carrying amount of the CGU

As at 31 December 2021, the carrying amount of the CGU is equal to € 89.2 million and was determined on the basis of the sum of:

- Shareholders' equity of Pitagora as at 31 December 2021 equal to € 77.3 million;
- Goodwill equal to € 8.9 million. For the purposes of the impairment test, this goodwill was then grossed up, thus reaching a value of € 14.1 million. As set

forth in IAS 36, this step is necessary in order to make the carrying amount consistent with the recoverable amount (both referring to 100% of the CGU).

- Carrying amount of the We Finance equity investment equal to € 2.2 million.

2. Determination of the recoverable amount of the CGU and comparison with the carrying amount

Fair Value

Pursuant to IFRS 13, fair value represents the price that would be received for the sale of an asset or which would be paid for the transfer of a liability in an orderly transaction between market participants at the valuation date.

In order to determine the recoverable amount of the Pitagora S.p.A. CGU at the reporting date of 31 December 2020, recourse was made only to the estimate of the value in use, as described in the following section, without proceeding with the calculation of fair value.

Value in Use

The value in use was estimated by applying the "excess capital" version of the Dividend Discount Model (DDM) method.
The DDM method was developed on the basis of the financial position as at 31 December 2021, the data at the end of the year, and the 2022-2026 economic/financial projections.

The CGU's value in use was determined by discounting future distributable cash flows, based on the following formula:

$$W = \sum_{i=1}^{n} \frac{D_i}{(1+Ke)^i} + \frac{TV}{(1+Ke)^n}$$

where:
W = Value in use
D_i = Potentially distributable dividend in the i-th explicit planning period
Ke = Discounting rate represented by the cost of equity
n = Explicit projection period (expressed in number of years)
TV = Terminal Value at the end of the explicit planning period
The valuation of the calculation parameters was defined as described below.

Dividends potentially distributable in the projection period

The potentially distributable dividend flows were defined on the basis of the financial position as at 31 December 2021 and the economic and financial projections 2022/2026, updated in light of the market scenario as at the reporting date.

To determine the distributable flows, a capital absorption equal to a Tier 1 ratio of 6% was considered, in line with the current Supervisory provisions for financial entities like Pitagora.

Cost of equity

The cost of equity, equal to 8.12%, was estimated on the basis of the Capital Asset Pricing Model (CAPM), considering:

- Risk-free investment rate of return estimated at 0.77%, in line with the average annual yield as at 31 December 2021 of BTPs maturing in ten years;
- Beta, correlation factor between the actual return on a share and the total return on the reference market - assumed to be 1.226 - on the basis of the average coefficient reported on a sample of Italian retail banks (average surveys at 5 years, monthly);
- *Market risk premium, equal to 6.0%, in line with valuation practice in the Italian market.*

Terminal value

The terminal value was determined considering the dividend potentially distributable at the end of the plan horizon and the long-term growth rate, assumed to be equal to 1.5%.

Sensitivity analysis

A sensitivity analysis was developed on the values obtained in reaction to changes in the value of:

- the cost of equity (+/- 0.50%);
- the long-term growth rate (+/- 0.50%);
- the expected result at the end of the planning horizon (+/- 10.0%).

The development of the DDM method on the basis of the approach described lea ds to the estimate of an average recoverable amount of € 313 million, against the carrying amount of the Pitagora S.p.A. CGU in the consolidated financial statements equal to € 89 million and the equity investment in the separate financial statements equal to € 55 million (100%).

In light of the results obtained, the impairment test was therefore positively passed and the sensitivity analyses performed determined an interval between € 224 million and € 258 million.

The limit parameters which, individually considered, lead to a recoverable amount corresponding to the carrying amount are:

	Parameters/amounts used	"Limit" parameters/amounts
		Consolidated CGU
Cost of capital (Ke)	**8.12%**	**35.5%**
Long-term growth rate (g)	1.50%	Negative/not significant
Net profit in the last projection year	€ 74.3 million	€ 0.6 million

10.2 INTANGIBLE ASSETS: ANNUAL CHANGES	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total 2021
		DEF	INDEF	DEF	INDEF	
A. Opening balance	**66,142**	**0**	**0**	**59,557**	**0**	**125,699**
A.1 Total net decreases	0	0	0	37,206	0	37,206
A.2 Net opening balance	**66,142**	**0**	**0**	**22,351**	**0**	**88,493**
B. Increases	**127**	**0**	**0**	**16,656**	**0**	**16,783**
B.1 Purchases	127	0	0	6,415	0	6,542
B.2 Increases of internally generated intangible assets	X	0	0	0	0	0
B.3 Recoveries	X	0	0	0	0	0
B.4 Increases in fair value	0	0	0	0	0	0
- shareholders' equity	X	0	0	0	0	0
- income statement	X	0	0	0	0	0
B.5 Positive exchange differences	0	0	0	0	0	0
B.6 Other changes	0	0	0	0	0	10,241
C. Decreases	**0**	**0**	**0**	**16,094**	**0**	**16,094**
C.1 Sales	0	0	0	0	0	0
C.2 Value adjustments	0	0	0	6,219	0	6,219
- Amortisation	X	0	0	6,219	0	6,219
- Write-downs	0	0	0	0	0	0
+ shareholders' equity	X	0	0	0	0	0
+ income statement	0	0	0	0	0	0
C.3 Decreases in fair value:	0	0	0	0	0	0
- shareholders' equity	X	0	0	0	0	0
- income statement	X	0	0	0	0	0
C.4 Transfers to non-current assets held for sale	0	0	0	0	0	0
C.5 Negative exchange differences	0	0	0	0	0	0
C.6 Other changes	0	0	0	9,875	0	9,875
D. Net closing balance	**66,269**	**0**	**0**	**22,913**	**0**	**89,182**
D.1 Total net value adjustments	0	0	0	48,372	0	48,372
E. Gross closing balance	**66,269**	**0**	**0**	**71,285**	**0**	**137,554**
F. Carried at cost	0	0	0	0	0	0

Key
DEF: finite life
INDEF: indefinite life

The cost valuation criterion is used for all asset classes.
Items A.1 and D.1 “Total net decreases” include the sum of depreciation plus the impairment losses recognised to align the carrying amount of the assets with their recoverable amount.

SECTION 11 – TAX ASSETS AND LIABILITIES - ITEM 110 (ASSETS) AND ITEM 60 (LIABILITIES)

11.1 Deferred tax assets: breakdown

Deferred tax assets were recognised as there is reasonable certainty of the future presence of taxable income capable of absorbing the recovery of taxes.

The item consists entirely of credits for IRES (rate of 27.5% (1)) and IRAP (rate of 5.57%) presented in the balance sheet offset against deferred tax liabilities.

Reference should be made to the specific paragraph at the end of this section for details of the Probability Test.

The breakdown of this item is as follows:

11.1 DEFERRED TAX ASSETS: BREAKDOWN	Total 2021	Total 2020
- With offsetting entry in profit and loss	259,672	292,656
- With offsetting entry in shareholders' equity	24,976	9,419
Total	**284,648**	**302,075**

(1) The IRES rate consists of the combination represented by the new IRES rate of 24.0% and the additional IRES rate of 3.5% borne by credit and financial institutions, provisions in force as of the date of 1 January 2017 pursuant to Italian Law no. 208 of 28 December 2015 (2016 Stability Law).

11.2 Deferred tax liabilities: breakdown

Deferred tax liabilities were recognised including the taxable temporary differences.

The item consists entirely of payables for IRES (rate of 27.5% [1]) and IRAP (rate of 5.57%) presented in the balance sheet offset against deferred tax assets.

The breakdown of this item is as follows:

11.2 DEFERRED TAX LIABILITIES: BREAKDOWN	Total 2021	Total 2020
- With offsetting entry in profit and loss	32,888	29,332
- With offsetting entry in shareholders' equity	21,834	28,038
Total	**54,722**	**57,370**

(1) The IRES rate consists of the combination represented by the new IRES rate of 24.0% and the additional IRES rate of 3.5% borne by credit and financial institutions, provisions in force as of the date of 1 January 2017 pursuant to Italian Law no. 208 of 28 December 2015 (2016 Stability Law).

11.3 Deferred tax assets: annual changes (with offsetting entry to profit and loss)

11.3 DEFERRED TAX ASSETS: ANNUAL CHANGES (WITH OFFSETTING ENTRY TO PROFIT AND LOSS)	Total 2021	Total 2020
1. Opening balance	**292,656**	**306,830**
2. Increases	**14,972**	**27,128**
2.1 Deferred tax assets recognised during the year	15,632	13,716
a) relating to previous years	0	0
b) due to change in accounting principles	0	0
c) write-backs	0	0
d) other	15,632	13,716
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	0	13,412
3. Decreases	**48,616**	**41,302**
3.1 Deferred tax assets derecognised during the year	28,524	33,630
a) reversals	28,524	33,630
b) write-downs of non-recoverable items	0	0
c) change in accounting principles	0	0
d) other	0	0
3.2 Decreases in tax rates	0	0
3.3 Other decreases:	20,092	0
a) changes into tax credits pursuant to Law No. 214/2011	13,412	0
b) other	6,680	7,672
4. Closing balance	**259,673**	**292,656**

Item "3.3.b Other decreases: other" records the portion of prior years' losses transformed into tax credits in relation to the transfer of NPLs performed in 2020, making use of the new special system of converting DTAs introduced by the "Cura Italia" Decree (Italian Law Decree 18/2020).

11.4 Deferred tax assets: changes under law 214/2011

11.4 DEFERRED TAX ASSETS: CHANGES UNDER LAW 214/2011	Total 2021	Total 2020
1. Opening balance	**130,137**	**132,091**
2. Increases	**13,618**	**13,412**
3. Decreases	**30,628**	**14,982**
3.1 Reversals	17,216	14,982
3.2 Changes into tax credits	13,412	0
a) arising from loss for the period	0	0
b) arising from tax losses	13,412	0
3.3 Other decreases	0	0
4. Closing balance	**113,127**	**130,137**

The item “2. Increases" records the portion of reversals during the year that will be transformed into tax credits arising from the tax loss resulting from filing of the 2022 income tax return.

11.5 Deferred tax liabilities: annual changes (with offsetting entry in profit or loss)

11.5 DEFERRED TAX LIABILITIES: ANNUAL CHANGES (WITH OFFSETTING ENTRY IN PROFIT AND LOSS)	Total 2021	Total 2020
1. Opening balance	**29,332**	**27,778**
2. Increases	**3,673**	**3,294**
2.1 Deferred tax liabilities for the year	3,673	0
a) relating to previous years	0	0
b) due to change in accounting principles	0	0
c) other	3,673	0
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	0	3,294
3. Decreases	**117**	**1,740**
3.1 Deferred tax liabilities derecognised during the year	117	702
a) reversals	117	593
b) due to change in accounting principles	0	0
c) other	0	109
3.2 Decreases in tax rates	0	0
3.3 Other decreases	0	1,038
4. Closing balance	**32,888**	**29,332**

11.6 Deferred tax assets: annual changes (with offsetting entry in shareholders' equity)

11.6 DEFERRED TAX ASSETS: ANNUAL CHANGES (WITH OFFSETTING ENTRY IN SHAREHOLDERS' EQUITY)	Total 2021	Total 2020
1. Opening balance	**9,419**	**28,308**
2. Increases	**18,514**	**12**
2.1 Deferred tax assets recognised during the year	17,942	10
a) relating to previous years	0	0
b) due to change in accounting principles	0	0
c) other	17,942	10
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	572	2
3. Decreases	**2,957**	**18,901**
3.1 Deferred tax assets derecognised during the year	2,957	18,901
a) reversals	88	8,948
b) write-downs of non-recoverable items	0	0
c) changes in accounting principles	0	0
d) other	2,869	9,953
3.2 Decreases in tax rates	0	0
3.3 Other decreases	0	0
4. Closing balance	**24,976**	**9,419**

11.7 Deferred tax liabilities: annual changes (with offsetting entry in shareholders' equity)

11.7 DEFERRED TAX LIABILITIES: ANNUAL CHANGES (WITH OFFSETTING ENTRY IN SHAREHOLDERS' EQUITY)	Total 2021	Total 2020
1. Opening balance	**28,038**	**35,139**
2. Increases	**620**	**2,410**
2.1 Deferred tax liabilities for the year	48	2,410
a) relating to previous years	0	0
b) due to change in accounting principles	0	0
c) other	48	2,410
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	572	0
3. Decreases	**6.824**	**9,511**
3.1 Deferred tax liabilities derecognised during the year	6,595	0
a) reversals	4,088	0
b) due to change in accounting principles	0	0
c) other	2,507	0
3.2 Decreases in tax rates	0	0
3.3 Other decreases	229	9,511
4. Closing balance	**21,834**	**28,038**

11.8 Other information

The reconciliation between the theoretical tax charge and the actual tax charge in the financial statements was shown in part C, section 21.2.

Probability test on deferred taxation

IAS 12 requires the recognition of deferred tax liabilities and assets with the following criteria: 1) taxable temporary differences: a deferred tax liability must be recognised for all taxable temporary differences; 2) deductible temporary differences: a deferred tax asset must be recognised for all deductible temporary differences, if it is likely that taxable income will be realised against which the deductible temporary difference can be used.

The amount of deferred tax assets recognised in the financial statements therefore must be tested every year to verify if there is reasonable certainty of earning future taxable income and therefore the possibility of recovering the deferred tax assets.

With respect to the deferred tax assets recognised amongst the bank’s assets, an analysis was performed to verify whether the future profitability forecasts of the Group are such so as to guarantee their reabsorption and thus justify their recognition and maintenance in the financial statements (“probability test”).

The calculation made showed a sufficient taxable base capable of absorbing the deferred taxes recognised in the financial statements as at 31 December 2021.

SECTION 12 – NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AND ASSOCIATED LIABILITIES - ITEM 120 (ASSETS) AND 70 (LIABILITIES)

12.1 NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE: BREAKDOWN BY TYPE OF ASSETS	Total 2021	Total 2020
A. Assets Held for Sale		
A.1. Financial assets	0	0
A.2 Equity investments	0	0
A.3 Property, plant and equipment	1,612	0
of which: obtained by enforcing guarantees received	0	0
A.4 Intangible assets	0	0
A.5 Other non-current assets	65,837	0
Total (A)	**67,449**	**0**
of which valued at cost	*67,449*	*0*
of which measured at fair value level 1	*0*	*0*
of which measured at fair value level 2	*0*	*0*
of which measured at fair value level 3	*67,449*	*0*
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss	0	0
- financial assets held for trading	0	0
- financial assets designated at fair value	0	0
- other financial assets mandatorily measured at fair value	0	0
B.2 Financial assets measured at fair value through other comprehensive income	0	0
B.3 Financial assets measured at amortised cost	0	0
B.4 Equity investments	0	0
B.5 Property, plant and equipment	0	0
of which: obtained by enforcing guarantees received	0	0
B.6 Intangible assets	0	0
B.7 Other assets	0	0
Total (B)	**0**	**0**
of which valued at cost	*0*	*0*
of which measured at fair value level 1	*0*	*0*
of which measured at fair value level 2	*0*	*0*
of which measured at fair value level 3	*0*	*0*
C. Liabilities associated with assets held for sale		
C.1 Payables	0	0
C.2 Securities	0	0
C.3 Other liabilities	0	0
Total (C)	**0**	**0**
of which valued at cost	*0*	*0*
of which measured at fair value level 1	*0*	*0*
of which measured at fair value level 2	*0*	*0*
of which measured at fair value level 3	*0*	*0*
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities measured at amortised cost	0	0
D.2 Financial liabilities held for trading	0	0
D.3 Financial liabilities designated at fair value	0	0
D.4 Provisions	0	0
D.5 Other liabilities	0	0
Total (D)	**0**	**0**
of which valued at cost	*0*	*0*
of which measured at fair value level 1	*0*	*0*
of which measured at fair value level 2	*0*	*0*
of which measured at fair value level 3	*0*	*0*

SECTION 13 – OTHER ASSETS - ITEM 130

13.1 OTHER ASSETS: BREAKDOWN	Total 2021	Total 2020
- loans to SPV	297,584	288,976
- amounts to be charged to banks	3,415	14,341
- charges relating to payment systems in the course of execution	50,611	60,778
- indirect taxes and duties	64,508	33,471
- residual prepayments	20,940	25,670
- transit items	11	25
- costs for setting up leased premises	2,983	3,554
- receivables for the provision of non-financial services	44,604	19,721
- other amounts to be recovered from customers	40,071	43,771
- residual accrued income	6,325	1,452
- unpaid notes and cheques	628	892
- other items	11,783	1,978
Total	**543,463**	**494,629**

The item “loans to SPV securitisations” includes the Bank's receivables from the special purpose vehicles against securitisation transactions for which it subscribed all securities issued by the SPVs.

The securitised loans are recognised under assets in the Bank's financial statements. For a more detailed disclosure on securitisation transactions, please refer to the specific section of part E.

SECTION 1 – FINANCIAL LIABILITIES MEASURED AT AMORTISED COST - ITEM 10

1.1 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN OF DEPOSITS FROM BANKS Type of transaction/Amounts	Total 2021				Total 2020			
	Book value	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Deposits from central banks	**2,810,000**	X	X	X	**2,554,999**	X	X	X
2. Deposits from banks	**48,086**	X	X	X	**45,389**	X	X	X
2.1 Current accounts and demand deposits	31,884	X	X	X	40,477	X	X	X
2.2 Time deposits	0	X	X	X		X	X	X
2.3 Loans	0	X	X	X	0	X	X	X
2.3.1 Repurchase agreements	0	X	X	X	0	X	X	X
2.3.2 Other	0	X	X	X	0	X	X	X
2.4 Liabilities for commitments to repurchase own equity instruments	0	X	X	X	0	X	X	X
2.5 Lease liabilities	2,515	X	X	X	802	X	X	X
2.6 Other liabilities	13,687	X	X	X	4,110	X	X	X
Total	**2,858,086**	**0**	**0**	**2,858,086**	**2,600,388**	**0**	**0**	**2,600,388**

Key:
L1 = Level 1
L2 = Level 2
L3 = Level 3

The item "Deposits from central banks" is represented by the credit facility assigned by the ECB to the Group, as part of the Targeted Longer Term Refinancing Operations (TLTRO II – III). The item "Other liabilities" consists primarily of operating payables connected to financial services.

1.2 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN OF DEPOSITS FROM CUSTOMERS Type of transaction/Amounts	Total 2021				Total 2020			
	Book value	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	7,319,474	X	X	X	6,668,761	X	X	X
2. Time deposits	485,878	X	X	X	496,755	X	X	X
3. Loans	1,849	X	X	X	48,455	X	X	X
3.1 Repurchase agreements	1,849	X	X	X	48,455	X	X	X
3.2 Other	0	X	X	X		X	X	X
4. Liabilities for commitments to repurchase own equity instruments	0	X	X	X	0	X	X	X
5. Lease liabilities	37,133	X	X	X	38,718	X	X	X
6. Other liabilities	1,034,098	X	X	X	1,128,906	X	X	X
Total	**8,878,432**	**0**	**0**	**8,878,432**	**8,381,595**	**0**	**0**	**8,381,595**

Key:
L1 = Level 1
L2 = Level 2
L3 = Level 3

The item “Other liabilities” includes € 760.550 thousand for payables linked to securitisation transactions.

1.3 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN OF DEBT SECURITIES IN ISSUE	Total 2021				Total 2020			
	Book value	*Fair Value*			BV	*Fair Value*		
Type of security/Amounts		L1	L2	L3		L1	L2	L3
A. Securities	**1,279,751**	**0**	**1,250,655**	**0**	**1,486,475**	**0**	**1,424,328**	**26**
1. Bonds	1,279,736	0	1,250,655	0	1,486,449	0	1,424,328	0
1.1 structured	0	0	0	0	0	0	0	0
1.2 other	1,279,736	0	1,250,655	0	1,486,449	0	1,424,328	0
2. Other securities	15	0	0	0	26	0	0	26
2.1 structured	0	0	0	0	0	0	0	0
2.2 other	15	0	0	15	26	0	0	26
Total	**1,279,751**	**0**	**1,250,655**	**0**	**1,486,475**	**0**	**1,424,328**	**26**

Key:
L1 = Level 1
L2 = Level 2
L3 = Level 3

The fair value of bonds is indicated at the clean price, with the exception of zero coupon bonds.

1.4 Details of subordinated liabilities/securities

The amount included in the item “Debt securities in issue” is € 183.391 thousand.
See Section F for the relative details.

1.6 Lease liabilities

As at 31 December 2021, the Group has outstanding liabilities of € 39.6 million, of which € 6 million maturing within one year, € 18 million maturing between 1 and 5 years and € 15.7 million maturing in more than 5 years.

Lease liabilities refer for € 2.5 million to bank counterparties and for € 37.1 million to customer counterparties.

	Total 2021	Total 2020
Time band	Lease liabilities	
Up to 1 year	5,983	6,025
1 to 5 years	18,014	17,845
Over 5 years	15,652	15,650
Total lease liabilities	**39,648**	**39,520**

SECTION 2 – FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 20

2.1 FINANCIAL LIABILITIES HELD FOR TRADING: BREAKDOWN BY TYPE	Total 2021					Total 2020				
	NV	Fair Value			Fair Value *	NV	Fair Value			Fair Value *
Type of transaction/Amounts		L1	L2	L3			L1	L2	L3	
A. Balance sheet liabilities										
1. Deposits from banks	0	0	0	0	0	0	0	0	0	0
2. Deposits from customers	0	0	0	0	0	0	0	0	0	0
3. Debt securities	0	0	0	0	0	0	0	0	0	0
3.1 Bonds	0	0	0	0	X	0	0	0	0	X
3.1.1 Structured	0	0	0	0	X	0	0	0	0	X
3.1.2 Other bonds	0	0	0	0	X	0	0	0	0	X
3.2 Other securities	0	0	0	0	X	0	0	0	0	X
3.2.1 Structured	0	0	0	0	X	0	0	0	0	X
3.2.2 Other	0	0	0	0	X	0	0	0	0	X
Total A	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B. Derivatives										
1. Financial derivatives	X	0	7,924	0	X	X	0	14,523	0	X
1.1 Trading	X	0	7,924	0	X	X	0	14,523	0	X
1.2 Linked to fair value option	X	0	0	0	X	X	0	0	0	X
1.3 Other	X	0	0	0	X	X	0	0	0	X
2. Credit derivatives	X	0	0	0	X	X	0	0	0	X
2.1 Trading	X	0	0	0	X	X	0	0	0	X
2.2 Linked to fair value option	X	0	0	0	X	X	0	0	0	X
2.3 Other	X	0	0	0	X	X	0	0	0	X
Total B	**X**	**0**	**7,924**	**0**	**X**	**X**	**0**	**14,523**	**0**	**X**
Total (A+B)	**X**	**0**	**7,924**	**0**	**X**	**X**	**0**	**14,523**	**0**	**X**

Key:
NV = Nominal or Notional Value
L1 = Level 1
L2 = Level 2
L3 = Level 3
Fair Value = Fair value calculated excluding value adjustments due to variations in the credit rating of the issuer since the date of issue.*

The item "Financial trading derivatives - Level 2" includes the *fair value* measurement of the "operational hedge" derivative contracts for an amount of € 7,813 thousand, of which € 4,261 thousand relating to securitisation transactions.

SECTION 3 – FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE - ITEM 30

3.1 FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE: BREAKDOWN BY TYPE Type of transaction/Amounts	Total 2021					Total 2020				
	NV	*Fair value*			*Fair Value **	NV	*Fair value*			*Fair Value **
		L1	L2	L3			L1	L2	L3	
1. Deposits from banks	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1.1 Structured	0	0	0	0	X	0	0	0	0	X
1.2 Other	0	0	0	0	X	0	0	0	0	X
of which:										
- commitments to disburse funds	0	X	X	X	X	0	X	X	X	X
- financial guarantees given	0	X	X	X	X	0	X	X	X	X
2. Deposits from customers	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2.1 Structured	0	0	0	0	X	0	0	0	0	X
2.2 Other	0	0	0	0	X	0	0	0	0	X
of which:										
- commitments to disburse funds	0	X	X	X	X	0	X	X	X	X
- financial guarantees given	0	X	X	X	X	0	X	X	X	X
3. Debt securities	**40,763**	**0**	**42,907**	**0**	**42,907**	**41,947**	**0**	**44,996**	**0**	**44,996**
3.1 Structured	0	0	0	0	X	0	0	0	0	X
3.2 Other	40,763	0	42,907	0	X	41,947	0	44,996	0	X
Total	**40,763**	**0**	**42,907**	**0**	**42,907**	**41,947**	**0**	**44,996**	**0**	**44,996**

Key:
NV = Nominal or Notional Value
L1 = Level 1
L2 = Level 2
L3 = Level 3
Fair Value = Fair value calculated excluding value adjustments due to variations in the credit rating of the issuer since the date of issue.*

The classification in "Financial liabilities measured at fair value" of part of the bonds issued was due to the desire to optimise the management of interest rate risk, while also reducing valuation discrepancies between assets and liabilities in relation to the accounting mismatch.

SECTION 4 – HEDGING DERIVATIVES - ITEM 40

4.1 HEDGING DERIVATIVES: BREAKDOWN BY TYPE OF CONTRACT AND UNDERLYING ASSET	NV 2021	*Fair value* 2021			NV 2020	*Fair value* 2020		
		L1	L2	L3		L1	L2	L3
A. Financial derivatives	**458,863**	**0**	**43,440**	**0**	**776,599**	**0**	**157,533**	**0**
1) Fair value	350,000	0	22,257	0	650,000	0	128,061	0
2) Cash flows	108,863	0	21,183	0	126,599	0	29,472	0
3) Foreign investments	0	0	0	0	0	0	0	0
B. Credit derivatives	**0**	**0**	**0**	**0**	0	**0**	**0**	**0**
1) Fair value	0	0	0	0	0	0	0	0
2) Cash flows	0	0	0	0	0	0	0	0
Total	**458,863**	**0**	**43,440**	**0**	**776,599**	**0**	**157,533**	**0**

Key:
NV = Notional value
L1 = Level 1
L2 = Level 2
L3 = Level 3

4.2 HEDGING DERIVATIVES: BREAKDOWN BY PORTFOLIOS HEDGED AND BY HEDGING TYPE	*Fair Value*							Cash flow		Foreign investments
	Micro-hedge						Macro-hedge	Micro-hedge	Macro-hedge	
Transaction/Type of hedge	Debt securities and interest rates	Equity instruments and stock indices	Currencies and gold	Credit	Commodities	Other				
1. Financial assets measured at fair value through other comprehensive income	505	0	0	0	X	X	X	0	X	X
2. Financial assets measured at amortised cost	21,752	X	0	0	X	X	X	0	X	X
3. Portfolio	X	X	X	X	X	X	0	X	0	X
4. Other transactions	0	0	0	0	0	0	X	0	X	0
Total assets	**22,257**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1. Financial liabilities	0	X	0	0	0	0	X	21,183	X	X
2. Portfolio	X	X	X	X	X	X	0	X	0	X
Total liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**21,183**	**0**	**0**
1. Expected transactions	X	X	X	X	X	X	X	0	X	X
2. Financial assets and liabilities portfolio	X	X	X	X	X	X	0	X	0	0

The value of € 21,183 thousand recognised in the Liability sub-item "1. Financial liabilities" refers to the negative value of derivatives taken out to hedge cash flows (cash flow hedges) the objective of which is to stabilise the flow of interest of variable rate funding, to the extent to which the latter finances fixed rate loans to customers.

As the latter are recognised at amortised cost in the financial statements, the relative capital gain is not shown in the accounts.

SECTION 5 – CHANGE IN VALUE OF MACRO-HEDGED FINANCIAL LIABILITIES - ITEM 50

There are no items of this type.

SECTION 6 – TAX LIABILITIES - ITEM 60

See Section 11 of the Assets.

SECTION 7 – LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE - ITEM 70

There are no items of this type.

SECTION 8 – OTHER LIABILITIES - ITEM 80

8.1 OTHER LIABILITIES: BREAKDOWN	Total 2021	Total 2020
- imbalance of adjustments on the notes portfolios	97,472	77,944
- credits relating to payment systems in the course of execution	36,250	30,683
- amounts to be credited to banks	98,657	10,491
- operating payables not connected to financial services	19,678	23,949
- amounts to be paid to the tax authorities on behalf of third parties	18,036	13,076
- amounts to be paid to personnel	10,969	13,306
- due to SPV	15,219	15,140
- amounts to be recognised to customers	34,754	18,519
- residual deferred income	8,344	16,425
- amounts to be recognised to various institutions	5,769	4,906
- insurance premiums collected in the course of processing and to be paid back to companies	1,486	673
- other tax liabilities	1,221	366
- residual accrued liabilities	490	690
- other items	13,847	1,589
Total	**362,192**	**227,757**

The change in the item "Other liabilities" is mainly due to pending transactions at the end of the year, relating to the purchase of financial instruments awaiting settlement.

SECTION 9 – PROVISION FOR EMPLOYEE SEVERANCE PAY - ITEM 90

9.1 PROVISION FOR EMPLOYEE SEVERANCE PAY: ANNUAL CHANGES	Total 2021	Total 2020
A. Opening balance	**19,951**	**20,385**
B. Increases	**920**	**320**
B.1 Provisions for the year	90	0
B.2 Other changes	830	320
C. Decreases	**-658**	**-754**
C.1 Severance payments	-597	-477
C.2 Other changes	-61	-277
D. Closing balance	**20,213**	**19,951**
Total	**-61**	**19,951**

9.2 Other information

According to statutory regulations, as at 31 December 2021, the provision for employee severance pay amounted to € 17,671 thousand.

Please refer to Section 10 below for information on the characteristics of the provision for employee severance pay and related risks.

SECTION 10 – PROVISIONS FOR RISKS AND CHARGES - ITEM 100

10.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN Items	Total 2021	Total 2020
1. Provisions for credit risk relating to commitments and financial guarantees given	5,167	5,334
2. Provisions on other commitments and other guarantees given	0	0
3. Pensions and other post-retirement benefit obligations	0	5,607
4. Other provisions for risks and charges	31,516	40,212
4.1 legal and tax disputes	7,968	6,630
4.2 personnel charges	5,652	9,293
4.3 other	17,896	24,289
Total	**36,683**	**51,153**

10.2 PROVISIONS FOR RISKS AND CHARGES: ANNUAL CHANGES	Provisions on other commitments and other guarantees given	Pensions and other post-retirement benefit obligations	Other provisions for risks and charges	Total
A. Opening balance	**0**	**5,607**	**40,212**	**45,819**
B. Increases	**0**	**0**	**26,922**	**26,922**
B.1 Provision for the year	0	0	25,575	25,575
B.2 Changes due to the time value of money	0	0	0	0
B.3 Difference due to discount-rate changes	0	0	0	0
B.4 Other changes	0	0	1,347	1,347
C. Decreases	**0**	**5,607**	**35,618**	**41,225**
C.1 Use during the year	0	0	34,413	34,413
C.2 Difference due to discount rate changes	0	0	0	0
C.3 Other changes	0	5,607	1,205	6,812
D. Closing balance	**0**	**0**	**31,516**	**31,516**

10.3 PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS AND FINANCIAL GUARANTEES GIVEN	Provisions for credit risk relating to commitments and financial guarantees given				
	Stage 1	Stage 2	Stage 3	purchased or originated credit impaired	Total
Commitments to disburse funds	618	275	157	0	1,050
Financial guarantees given	135	197	3,785	0	4,117
Total	**753**	**472**	**3,942**	**0**	**5,167**

10.5 DEFINED BENEFIT COMPANY PENSION PLANS

1. Description of provisions and related risks

Below is the information required by IAS 19 for defined benefit provisions, including that relating to the severance indemnity provision as it is also part of the latter.

Since these are defined benefit supplementary pension funds, the current values required by the application of IAS 19 "employee benefits" are determined by independent Actuaries.

The "Fondo Pensione Integrativo per il Personale della Cassa di Risparmio di Asti" ("Supplementary Pension Fund for Personnel of Cassa di Risparmio di Asti", hereafter the "C.R. Asti Supplementary Fund") established in 1969 is a fund with its own legal personality, full capital autonomy pursuant to art. 12 of the Italian Civil Code and autonomous asset management.

If the assets of the Supplementary Pension Fund are not at least equal to the amount of the mathematical reserves of the pensioners, according to the technical financial statement results, Cassa di Risparmio di Asti S.p.A. needs to rebalance them either by increasing its contribution rate or by making an extraordinary contribution payment.

Although regulations in force require the inclusion of the C.R. Asti Supplementary Pension Fund under company pension funds, since Cassa di Risparmio di Asti S.p.A. has no full or partial access to the assets of the Pension Fund or the possibility to unilaterally reduce its contribution, the Bank does not believe that the conditions laid out in paragraph 59 of IAS 19 are satisfied and therefore it did not recognise the assets of the C.R. Asti Supplementary Pension Fund amongst its own, or recognise the positive surplus.

In 2019, the institutional sources of existing funds in the scope of the Cassa di Risparmio di Asti Group began discussions, with the aim of an achieving overall streamlining of the supplementary pension structure at Group level, though continuing to protect the position of active and retired subscribers.

After these discussions, on 25 June 2020 collective agreements were signed which, for the C.R. Asti Supplementary Fund, envisaged the proposal, exceptional and unrepeatable, to each pensioner the option of capitalising the existing pension and to each subscriber in service (as well as those accepting the staff leaving incentive and deferred pensions) the option of cashing in their accumulated pension for placement, free of charge to the interested party, in financial products in a format technically operating as a defined contribution plan (identified, at the discretion of each interested party, as PREVIBANK or PREVIP or an open-ended pension fund of their own choosing), with continuity of the flow of contributions (from employer and employee) paid, for the future, on the taxable remuneration for the Compulsory General Insurance and the option of routing all or part of the accrued employee severance pay and stock, where not already transferred to an open individual position with the Supplementary Pension Fund for Personnel of Cassa di Risparmio di Asti S.p.A.

The Fund's Board of Directors ensured that all initiatives designed to rapidly make the assets as liquid as possible were implemented, reserving the right to adopt decisions that could become necessary regarding the disposal of individual assets.

The securities in portfolio were divested in January 2020, except for two securities maturing February and March 2020 that were collected on maturity and Banca di Asti Shares sold in October, realising implicit capital gains and neutralising the heavily negative effects on the financial markets brought about by the COVID-19 pandemic.

During 2021, following the merger by incorporation of Biver Banca into Banca di Asti, the Bank also incorporated the reserve relating to the former Biver Banca Fund: on 20 December 2021 this reserve was merged with the C.R. Asti Supplementary Fund, with no interruption to the performances and the relevant commitments.

By means of resolution of 3 December 2021, the Board of Directors of the C.R. Asti Supplementary Fund initiated the incorporation procedure of the Fund by the Previp Fund as part of a specific separate section that Previp will open with the approval of the supervisory authority.

This incorporation will not determine any interruption to the present and future services set forth in the Fund's regulations and the relevant commitments of the Bank.

In anticipation of the incorporation by Previp, the illiquid component of the assets represented by the equity investment in the Bank of Italy was disposed of and as regards the properties, the policy of divestment and sale of the assets still owned is continuing.

As of 31 December 2021 it should be noted that the number of members and retirees is 1 worker in service, 1 "leaver", 1 "deferred" and 121 holders of supplementary pension benefits.

2. Changes in net defined benefit liabilities (assets) and reimbursement rights during the year

CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS DURING THE YEAR	2021 EXTERNAL PLAN Supplementary Pension Fund	2020 EXTERNAL PLAN Supplementary Pension Fund
Opening balance	**7,880**	**100,982**
Financial expenses	15	177
Social security cost for service	0	0
Indemnities paid	-572	-96,181
Actuarial gains	642	2,902
Plan participant contributions	0	0
Other changes	4,961	0
Closing balance	**12,926**	**7,880**

3. Information on Fair value of plan assets

ASSETS AND LIABILITIES RECOGNISED	EXTERNAL PLAN 2021 Supplementary Pension Fund
Present value of defined benefit obligations	12,926
Fair value of the plan	13,420
Supplementary Pension Fund status	**494**
Assets recognised	**0**
Liabilities recognised	**0**

With respect to the Supplementary Pension Fund, the fair value of the plan consists of the assets net of the provisions for risks recognised.

4. Key actuarial assumptions used

ACTUARIAL ASSUMPTIONS	EXTERNAL PLAN 2021 Supplementary Pension Fund
Discount rate	0.49%
Expected rates of return	0.00%
Rate of wage increase	3.00%
Annual inflation rate	1.92%
Annual nominal GDP growth rate	1.33%

5. Information on amount, timing and uncertainty of cash flows

A sensitivity analysis was performed of the obligation, as required by IAS 19, relating to pension funds with respect to the actuarial assumptions deemed most significant, intended to show how much the financial statement liability would change in response to possible fluctuations in each actuarial assumption. The table below shows the change in amounts in the pension funds, in the case of a decrease and increase in the technical rate by 100 basis points compared to the parameters actually used.

TECHNICAL RATE 0,00%	2021	TECHNICAL RATE 0,99%	2021
Present value of defined benefit obligations	13,527	Present value of defined benefit obligations	12,363
Fair value of the plan	13,420	Fair value of the plan	13,420
Fund status	-107	Fund status	1,057

10.6 PROVISIONS FOR RISKS AND CHARGES - OTHER PROVISIONS

The item 2.3 “Other provisions for risks and charges - other” in table 10.1 “Provisions for risks and charges: breakdown” includes the following provisions:

10.6 PROVISIONS FOR RISKS AND CHARGES: OTHER PROVISIONS	Total 2021	Total 2020
1. Provision for risks on claw-backs	541	308
2. Provision for tax dispute	520	0
3. Provision for commission and expense interest adjustments	0	0
4. Provision for bond and default	0	0
5. Other provisions for risks and charges	16,835	23,981
Total	**17,896**	**24,289**

SECTION 11 – TECHNICAL RESERVES - ITEM 110

There are no items of this type.

SECTION 12 – REDEEMABLE SHARES - ITEM 130

There are no items of this type.

SECTION 13 – GROUP EQUITY - ITEMS 120, 130, 140, 150, 160, 170 AND 180.

13.1 "SHARE CAPITAL" AND "TREASURY SHARES": BREAKDOWN

As at 31 December 2021, the share capital of the Bank amounted to € 363,971 thousand, broken down into 70,537,048 ordinary shares with a nominal value of € 5.16.

As at 31 December 2021, the Bank held 893,432 treasury shares in the portfolio, recognised in the financial statements at the cost of € 12.32 each, equal to a total of € 11,010 thousand.

13.2 SHARE CAPITAL - PARENT COMPANY'S NUMBER OF SHARES: ANNUAL CHANGES Item/Type	Ordinary	Other
A. Shares outstanding as at the beginning of the year	**70,537,048**	**0**
- fully released	70,537,048	0
- not fully released	0	0
A.1 Treasury shares (-)	-814,727	0
A.2 Shares outstanding: opening balance	**69,722,321**	**0**
B. Increases	**39**	**0**
B.1 New issues	0	0
- against payment:	0	0
- business combinations	0	0
- bonds converted	0	0
- warrants exercised	0	0
- other		0
- without payment:	0	0
- to employees	0	0
- to Directors	0	0
- other	0	0
B.2 Sale of treasury shares	0	0
B.3 Other changes	39	0
C. Decreases	**78,744**	**0**
C.1 Cancellation	0	0
C.2 Purchase of treasury shares	78,744	0
C.3 Business transferred	0	0
C.4 Other changes	0	0
D. Shares outstanding: closing balance	**69,643,616**	**0**
D.1 Treasury shares (+)	893,432	0
D.2 Shares outstanding as at the end of the year	70,537,048	0
- fully released	70,537,048	0
- not fully released	0	0

13.3 SHARE CAPITAL: OTHER INFORMATION

The share capital of the Parent Bank consists of 70,537,048 shares broken down as follows:

- Other shareholders - 28,105,614 shares (39.84%), nominal value € 145,025 thousand;
- Fondazione Cassa di Risparmio di Asti - 22,427,913 shares (31.80%), nominal value € 115,728 thousand;
- Fondazione Cassa di Risparmio di Biella - 9,103,033 shares (12.91%), nominal value € 46,972 thousand;
- Banca BPM S.p.A. - 7,047,884 shares (9.99%), nominal value € 36,367 thousand;
- Fondazione Cassa di Risparmio di Vercelli - 2,959,172 shares (4.20%), nominal value € 15,269 thousand;
- 893,432 treasury shares (1.26%), nominal value € 4,610 thousand.

13.4 PROFIT RESERVES: OTHER INFORMATION

Items/Balances	Total 2021
Legal and statutory reserves	407,989
- legal reserve	30,695
- ordinary reserve	107,674
- extraordinary reserve	272,024
- treasury share dividend reserve	106
- expenses for share capital increase	-2,510
Treasury shares reserve	11,010
Other reserves	-189,259
- consolidation reserve	30,054
- allocation to retained earnings of the provision for general banking risks (at 31/12/2005)	20,429
- reserves recognised in the transition to IAS/IFRS (FTA)	2,159
- reserves recognised in the transition to IAS/IFRS (2018 FTA)	-237,557
- reserves recognised in the transition to IAS/IFRS (recalculation of profit for the year 2005)	479
- reserves recognised in the transition to IAS/IFRS (modification of 2008 tax rates)	172
- allocation to retained earnings of depreciation of real estate recognised at "deemed cost"	2,341
- recognition in profit reserves of the "Additional Tier" security	-7,336
Total	**229,740**

13.5 EQUITY INSTRUMENTS: BREAKDOWN AND ANNUAL CHANGES

During the 2021 financial year, Banca di Asti did not carry out new transactions for the issue of Additional Tier1 instruments, therefore there were no changes compared to last year.

The consideration collected from the issue is represented in item "130. Equity instruments" for a total of € 97.6 million, less transaction costs directly attributable to the issue which, net of tax, totalled € 2.4 million.

During the course of 2021 the first two coupons were paid to the subscribers for € 6.7 million net of tax charges.

SECTION 14 – MINORITY SHAREHOLDERS' EQUITY - ITEM 190

14.1 MINORITY SHAREHOLDERS' EQUITY: BREAKDOWN Items/Balances	Total 2021
1) Share capital	16,938
2) Share Premium Reserve	0
3) Reserves	5,379
4) (Treasury shares)	0
5) Valuation reserves	1,838
6) Equity instruments	0
7) Minority profit (loss) for the period	5,120
Total	**29,275**

DETAILS OF ITEM 190 MINORITY SHAREHOLDERS' EQUITY Company Name	Total 2021	Total 2020
Equity investments with significant minority interests		
1) Pitagora Contro Cessione del Quinto S.p.A.	27,627	19,783
2) We Finance S.p.A.	1,547	0
Other equity investments	101	85
Total	**29.275**	**19,868**

OTHER INFORMATION

1. COMMITMENTS AND GUARANTEES GIVEN	Nominal value on commitments and guarantees given				Total 2021	Total 2020
	Stage 1	Stage 2	Stage 3	purchased or originated credit impaired		
1. Commitments to disburse funds	**1,432,655**	**98,324**	**9,360**	**0**	**1,540,339**	**1,731,604**
a) Central Banks	0	0	0	0	0	0
b) Public administration	125,292	68,116	0	0	193,408	226,512
c) Banks	302	0	0	0	302	0
d) Other financial companies	40,323	300	0	0	40,623	48,292
e) Non-financial companies	1,052,906	22,024	8,640	0	1,083,570	1,251,810
f) Households	213,832	7,884	720	0	222,436	204,990
2. Financial guarantees given	**37,438**	**441**	**2,007**	0	**39,886**	**49,114**
a) Central Banks	0	0	0	0	0	0
b) Public administration	23	0	0	0	23	90
c) Banks	20,806	0	0	0	20,806	20,137
d) Other financial companies	229	0	0	0	229	295
e) Non-financial companies	7,889	200	1,406	0	9,495	12,470
f) Households	8,491	241	601	0	9,333	16,122

2. OTHER COMMITMENTS AND OTHER GUARANTEES GIVEN	Nominal value	
	Total 2021	Total 2020
Other guarantees given	**112,702**	**108,284**
of which: non-performing credit exposures	4,490	3,718
a) Central Banks	0	0
b) Public administration	615	507
c) Banks	271	0
d) Other financial companies	1,682	1,231
e) Non-financial companies	100,318	95,906
f) Households	9,816	10,640
Other commitments	**0**	**0**
of which: non-performing credit exposures	0	0
a) Central Banks	0	0
b) Public administration	0	0
c) Banks	0	0
d) Other financial companies	0	0
e) Non-financial companies	0	0
f) Households	0	0

3. ASSETS PLEDGED AS COLLATERAL ON OWN LIABILITIES AND COMMITMENTS Portfolios	Amount 2021	Amount 2020
1. Financial assets designated at fair value through profit or loss	0	0
2. Financial assets measured at fair value through other comprehensive income	285,760	150,680
3. Financial assets measured at amortised cost	1,282,450	1,476,775
4. Property, plant and equipment	0	0
of which: property, plant and equipment considered inventory	0	0

4. ASSET MANAGEMENT AND TRADING ON BEHALF OF THIRD PARTIES Type of services	Amount 2021
1. Trading on behalf of customers	**0**
a) purchases	0
1. settled	0
2. unsettled	**0**
b) sales	0
1. settled	0
2. unsettled	0
2. Portfolio management	**1,736,233**
a) individual	1,736,233
b) collective	0
3. Custody and administration of securities	**12,998,050**
a) third party securities in deposit: relating to depositary bank activities (excluding asset management)	0
1. securities issued by the bank drafting the financial statements	0
2. other securities	0
b) third party securities held on deposit (excluding segregated accounts): other	4,239,803
1. securities issued by the bank drafting the financial statements	1,596,136
2. other securities	2,643,667
c) third party securities deposited with third parties	4,344,070
d) own securities deposited with third parties	4,414,177
4. Other transactions	**97,070**

5. FINANCIAL ASSETS SUBJECT TO OFFSETTING IN THE FINANCIAL STATEMENTS, OR SUBJECT TO MASTER NETTING AGREEMENTS OR SIMILAR AGREEMENTS	Gross amount of financial assets (a)	Amount of financial liabilities offset in the financial statements (b)	Net amount of financial assets reported in the financial statements (c = a-b)	Related amounts not subject to offsetting in the financial statements		Net amount 31/12/2021 (f=c-d-e)	Net amount 31/12/2020
Instrument type				Financial instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	1,467,640	0	1,467,640	1,466,229	0	1,411	0
2. Repurchase agreements	0	0	0	0	0	0	0
3. Securities lending	0	0	0	0	0	0	0
4. Other	0	0	0	0	0	0	0
Total 2021	**1,467,640**	**0**	**1,467,640**	**1,466,229**	**0**	**1,411**	**X**
Total 2020	**0**	**0**	**0**	**0**	**0**	**0**	**0**

6. FINANCIAL LIABILITIES SUBJECT TO OFFSETTING IN THE FINANCIAL STATEMENTS, OR SUBJECT TO MASTER NETTING AGREEMENTS OR SIMILAR AGREEMENTS	Gross amount of financial assets (a)	Amount of financial liabilities offset in the financial statements (b)	Net amount of financial assets reported in the financial statements (c = a-b)	Related amounts not subject to offsetting in the financial statements		Net amount 31/12/2021 (f=c-d-e)	Net amount 31/12/2020
Instrument type				Financial instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	1,504,470	0	1,504,470	1,466,229	0	38,241	0
2. Repurchase agreements	0	0	0	0	0	0	0
3. Securities lending	0	0	0	0	0	0	0
4. Other	0	0	0	0	0	0	0
Total 2021	**1,504,470**	**0**	**1,504,470**	**1,466,229**	**0**	**38,241**	**X**
Total 2020	**0**	**0**	**0**	**0**	**0**	**0**	**0**

7. SECURITIES LENDING TRANSACTIONS

The Bank did not carry out intercompany securities lending transactions during the year.

8. INFORMATION ON ASSETS UNDER JOINT CONTROL

There are no items of this type.

SECTION 1 – INTEREST INCOME/EXPENSE AND SIMILAR REVENUES/CHARGES - ITEMS 10 AND 20

1.1 INTEREST INCOME AND SIMILAR REVENUES: BREAKDOWN Item/Type	Debt securities	Loans	Other transactions	Total 2021	Total 2020
1. Financial assets measured at fair value through profit or loss	38	866	710	1,614	2,361
1.1 Financial assets held for trading	38	866	710	1,614	2,282
1.2 Financial assets designated at fair value	0	0	0	0	0
1.3 Other financial assets mandatorily measured at fair value	0	0	0	0	79
2. Financial assets measured at fair value through other comprehensive income	10,004	2,687	X	12,691	13,201
3. Financial assets measured at amortised cost	24,988	200,927	X	225,915	248,180
3.1 Loans and advances to banks	0	91	X	91	29
3.2 Loans and advances to customers	24,988	200,836	X	225,824	248,151
4. Hedging derivatives	X	X	0	0	0
5. Other assets	X	X	821	821	81
6. Financial liabilities	X	X	X	26,601	17,808
Total	**35,030**	**204,480**	**1,531**	**267,642**	**281,631**
of which: interest income from impaired financial assets	0	4,251	0	4,251	8,521
of which: interest income on finance lease	X	0	X	0	0

Item "6. Interest income on financial liabilities" includes € 26,550 thousand relating to the benefit deriving from the application of negative borrowing rates on the part of the total credit facility assigned by the Eurosystem to the Cassa di Risparmio di Asti Group as part of the "TLTRO III" transaction.

The default interest accrued during the year on positions classified as bad loans as at 31 December 2021 totalled € 10,085 thousand, of which € 11 thousand collected during the year.

1.2 Interest income and similar revenues: other information

Under loans and advances to customers "Loans", € 60,481 thousand is recognised for interest income on securitised mortgages and € 760 thousand for interest on the cash reserves of such securitisations.

The item "Financial assets held for trading - Other transactions" consists entirely of spreads on derivative contracts linked to the fair value option.

1.2.1 Interest income from financial assets denominated in foreign currency

Interest income and similar revenues accrued on assets in foreign currency derive from loans to ordinary customers for a total of € 166 thousand and loans to credit institutions of roughly € 1 thousand, for a total of € 167 thousand.

1.3 INTEREST EXPENSE AND SIMILAR CHARGES: BREAKDOWN Item/Type	Payables	Securities	Other transactions	Total 2021	Total 2020
1. Financial liabilities measured at amortised cost	(21,432)	(23,389)	X	(44,821)	(51,163)
1.1 Deposits from central banks	0	X	X	0	0
1.2 Deposits from banks	(6,506)	X	X	(6,506)	(3,074)
1.3 Deposits from customers	(14,926)	X	X	(14,926)	(19,591)
1.4 Debt securities in issue	X	(23,389)	X	(23,389)	(28,498)
2. Financial liabilities held for trading	0	0	0	0	0
3. Financial liabilities designated at fair value	0	(844)	0	(844)	(1,059)
4. Other liabilities and funds	X	X		0	(12)
5. Hedging derivatives	X	X	(28,042)	(28,042)	(23,264)
6. Financial assets	X	X	X	0	0
Total	**(21,432)**	**(24,233)**	**(28,042)**	**(73,707)**	**(75,498)**
of which: interest expense relating to lease liabilities	(682)	X	X	(682)	(762)

The item “Deposits from customers - Payables” includes € 3,069 thousand referring to interest generated by the securitisation and € 51 thousand for interest expense for repurchase agreements.

1.4 Interest expense and similar charges: other information

The item “Debt securities issued” includes interest on subordinated loans for € 5,916 thousand.

1.4.1 Interest expense on liabilities denominated in foreign currency

Interest expense and similar charges on liabilities denominated in foreign currency relates to interest expense on payables to credit institutions for roughly € 14 thousand and interest expense to customers for around € 1 thousand for a total of roughly € 11 thousand.

1.5 SPREADS ON HEDGING TRANSACTIONS Items	Total 2021	Total 2020
A. Positive spreads on hedging transactions:	0	0
B. Negative spreads on hedging transactions:	(28,042)	(23,264)
C. Net spread (A-B)	**(28,042)**	**(23,264)**

SECTION 2 - FEES AND COMMISSION INCOME/EXPENSE - ITEMS 40 AND 50

2.1 FEES AND COMMISSION INCOME: BREAKDOWN Services/Amounts	Total 2021	Total 2020
a) Financial instruments	**46,401**	**37,567**
1. Placement of securities	24,139	19,101
1.1 With underwriting and/or based on an irrevocable commitment	0	0
1.2 Without irrevocable commitment	24,139	19,101
2. Reception and transmission of orders and execution of orders on behalf of customers	1,585	2,048
2.1 Receipt and transmission of orders for one or more financial instruments	1,585	2,048
2.2. Execution of orders on behalf of customers	0	0
3. Other commissions connected with activities related to financial instruments	20,677	16,418
of which: trading on own account	0	0
of which: individual portfolio management	20,677	16,418
b) Corporate Finance	**638**	**614**
1. Mergers and acquisitions advisory services	0	0
2. Treasury services	638	614
3. Other commissions associated with *corporate finance* services	0	0
c) Investment advisory activities	**0**	**0**
d) Clearing and settlement	**0**	**0**
e) Custody and administration	**874**	**864**
1. Custodian bank	0	0
2. Other fees related to custody and administration	874	864
f) Central administrative services for collective portfolio management	**0**	**0**
g) Fiduciary activity	**0**	**0**
h) Payment services	**49,965**	**45,244**
1. Current accounts	29,487	26,811
2. Credit cards	1,373	2,769
3. Debit and other payment cards	5,387	4,579
4. Wire transfers and other payment orders	3,740	3,492
5. Other fees related to payment services	9,978	7,593
i) Distribution of third party services	**31,073**	**28,108**
1. Collective portfolio management	0	0
2. Insurance products	26,831	22,943
3. Other products	4,242	5,165
of which: individual portfolio management	0	0
j) Structured finance	**0**	**0**
k) Securitisation transaction servicing	**2,883**	**2,971**
l) Commitments to disburse funds	**0**	**0**
m) Financial guarantees given	**1,977**	**2,237**
of which: credit derivatives	0	0
n) Financing operations	**0**	**1**
of which: for factoring operations	0	1
o) Currency trading	**648**	**563**
p) Goods	**0**	**0**
q) Other fee and commission income	**27,999**	**31,374**
of which: for management of multilateral trading facilities	0	0
of which: for the management of organised trading systems	0	0
Total	**162,458**	**149,543**

Item “q) other fee and commission income” includes € 11,679 thousand relating to commissions for the provision of sums.

2.2 FEE AND COMMISSION EXPENSE: BREAKDOWN Services/Amounts	Total 2021	Total 2020
a) Financial instruments	**(1,273)**	**(2,574)**
of which trading of financial instruments	(1,273)	(2,518)
of which placement of financial instruments	0	0
of which individual portfolio management	0	(56)
- own	0	0
- delegated to third parties	0	(56)
b) clearing and settlement	**0**	0
c) Collective portfolio management	**0**	0
1. own	0	0
2. delegated to third parties	0	0
d) custody and administration	**(797)**	**(790)**
e) collection and payment services	**(3,105)**	**(3,093)**
including credit, debit and other payment cards	(1,958)	(2,117)
f) Securitisation transaction servicing	**0**	0
g) commitments to receive funds	**0**	0
h) financial guarantees received	**(2)**	(85)
of which credit derivatives	0	0
i) off-site distribution of financial instruments, products and services	**0**	**0**
j) currency trading	**0**	**0**
k) other fee and commission expense	**(65,566)**	**(56,228)**
Total	**(70,743)**	**(62,770)**

Fee and commission expense for guarantees received relates entirely to payments in favour of the Ministry of Economy and Finance for granting the State guarantee pursuant to art. 8 of Italian Decree Law no. 201/2011.

SECTION 3 – DIVIDENDS AND SIMILAR INCOME – ITEM 70

3.1 DIVIDENDS AND SIMILAR INCOME: BREAKDOWN	Total 2021		Total 2020	
Items/Income	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	0	0	0	0
B. Other financial assets mandatorily measured at fair value	0	200	0	570
C. Financial assets measured at fair value through other comprehensive income	10,225	0	11,488	0
D. Equity investments	0	0	0	0
Total	**10,425**	**0**	**11,488**	**570**

ANALYSIS OF ITEM 70 - DIVIDENDS AND SIMILAR INCOME	Total 2021	Total 2020
A. Financial assets held for trading	0	0
B. Other financial assets mandatorily measured at fair value:	200	570
- Similar income	200	570
C. Financial assets measured at fair value through other comprehensive income	10,225	11,488
- Bank of Italy	10,200	10,200
- Cedacri S.p.A.	0	1,288
- Biverbroker S.p.A.	0	0
- Cassa di Risparmio di Bolzano S.p.A.	25	0
D. Equity investments	0	0
Total	**10,425**	**12,058**

SECTION 4 - NET PROFIT (LOSS) FROM TRADING - ITEM 80

4.1 NET PROFIT (LOSS) FROM TRADING: BREAKDOWN Transactions/Income	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net profit (loss) [(A+B) - (C+D)]
1. Financial assets held for trading	**35,711**	**82,609**	**(1,239)**	**(32,280)**	**84,801**
1.1 Debt securities	0	4,750	(4)	(8)	4,738
1.2 Equity instruments	0	0	0	(1)	(1)
1.3 Units of UCITS	0	0	0	(1,123)	(1,123)
1.4 Loans	35,711	77,859	(1,235)	(31,148)	81,187
1.5 Other	0	0	0	0	0
2. Financial liabilities held for trading	**0**	**0**	**0**	**0**	**0**
2.1 Debt securities	0	0	0	0	0
2.2 Deposits	0	0	0	0	0
2.3 Other	0	0	0	0	0
Financial assets and liabilities: foreign exchange differences	**X**	**X**	**X**	**X**	**549**
3. Derivatives	**5,456**	**2,775**	**(4,446)**	**(19,231)**	**(15,415)**
3.1 Financial derivatives:	5,456	2,775	(4,446)	(19,229)	(15,413)
- On debt securities and interest rates	5,456	1,362	(4,446)	(3,920)	1,548
- On equity instruments and stock indices	0	1,413	0	(15,067)	(13,654)
- On currencies and gold	X	X	X	X	31
- Other	0		0	(242)	(242)
3.2 Credit derivatives	0	0	0	(2)	(2)
of which: natural hedges related to fair value option	X	X	X	X	0
Total	**41,167**	**85,384**	**(5,685)**	**(51,509)**	**69,935**

SECTION 5 - NET PROFIT (LOSS) FROM HEDGING - ITEM 90

5.1 NET PROFIT (LOSS) FROM HEDGING: BREAKDOWN Income/Amounts	Total 2021	Total 2020
A. Gains on:		
A.1 Fair value hedging derivatives	60,296	1,117
A.2 Hedged financial assets (fair value)	7,193	54,882
A.3 Hedged financial liabilities (fair value)	0	0
A.4 Cash-flow hedging derivatives	0	0
A.5 Assets and liabilities denominated in foreign currency	0	0
Total gains on hedging activities (A)	**67,489**	**55,999**
B. Losses on:		
B.1 Fair value hedging derivatives	(7,061)	(54,198)
B.2 Hedged financial assets (fair value)	(60,478)	(1,041)
B.3 Hedged financial liabilities (fair value)	0	0
B.4 Cash-flow hedging derivatives	0	0
B.5 Assets and liabilities denominated in foreign currency	0	0
Total losses on hedging activities (B)	**(67,539)**	**(55,239)**
C. Net profit from hedging activities (A - B)	**(50)**	**760**
of which: results of hedges on net positions	0	0

SECTION 6 – GAINS/(LOSSES) ON DISPOSAL/REPURCHASE - ITEM 100

6.1 GAINS (LOSSES) ON DISPOSAL/REPURCHASE: BREAKDOWN	Total 2021			Total 2020		
Items/Income	Gains	Losses	Net profit (loss)	Gains	Losses	Net profit (loss)
A. Financial assets						
1. Financial assets measured at amortised cost	55,614	(18,170)	37,444	18,103	(21,890)	(3,787)
1.1 Loans and advances to banks	0	0	0	0	0	0
1.2 Loans and advances to customers	55,614	(18,170)	37,444	18,103	(21,890)	(3,787)
2. Financial assets measured at fair value through other comprehensive income	5,249	(1)	5,248	47,979	(6,265)	41,714
2.1 Debt securities	5,249	(1)	5,248	42,552	(3,816)	38,736
2.2 Loans			0	5,427	(2,449)	2,978
Total assets (A)	**60,863**	**(18,171)**	**42,692**	**66,082**	**(28,155)**	**37,927**
B. Financial liabilities measured at amortised cost						
1. Deposits from banks	0	0	0	0	0	0
2. Deposits from customers	772	(2,174)	(1,402)	726	(1,661)	(935)
3. Debt securities in issue	725	(201)	524	695	(277)	418
Total liabilities (B)	**1,497**	**(2,375)**	**(878)**	**1,421**	**(1,938)**	**(517)**

The gains on "Loans to customers" derive from the partial disinvestment of government securities measured at amortised cost (HTC business model).

The losses on “Loans to customers” mainly refer to losses originating from transfers of NPLs as part of the segment derisking strategy for € 18.2 million.

The gains on “Financial assets designated at fair value through other comprehensive income” includes income from the non-recourse transfer of loans.

SECTION 7 – NET PROFIT (LOSS) FROM FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS – ITEM 110

7.1 NET CHANGES IN FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN OF ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE Transactions/Income	Capital gains (A)	Realised profits (B)	Capital losses (C)	Realised losses (D)	Net profit (loss) [(A+B) - (C+D)]
1. Financial assets	**0**	**0**	**0**	**0**	**0**
1.1 Debt securities	0	0	0	0	0
1.2 Loans	0	0	0	0	0
2. Financial liabilities	**1,136**	**66**	**0**	**0**	**1,202**
2.1 Debt securities in issue	1,136	66	0	0	1,202
2.2 Deposits from banks	0	0	0	0	0
2.3 Deposits from customers	0	0	0	0	0
3. Financial assets and liabilities denominated in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**0**
Total	**1,136**	**66**	**0**	**0**	**1,202**

There were no write-downs or trading losses on assets linked to the credit impairment of the borrower/issuer.

7.2 NET CHANGES IN OTHER FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: BREAKDOWN OF OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE Transactions/Income	Capital gains (A)	Realised profits (B)	Capital losses (C)	Realised losses (D)	Net profit (loss) [(A+B) - (C+D)]
1. Financial assets	**1,947**	**1,263**	**(274)**	**0**	**2,936**
1.1 Debt securities	1		(4)	0	(3)
1.2 Equity instruments	0	0	0	0	0
1.3 Units of UCITS	1,946	1,263	(270)	0	2,939
1.4 Loans	0	0	0	0	0
2. Financial assets denominated in foreign currency: exchange differences	**X**	**X**	**X**	**X**	**0**
Total	**1,947**	**1,263**	**(274)**	**0**	**2,936**

SECTION 8 – NET LOSSES/RECOVERIES FOR CREDIT RISK – ITEM 130

8.1 NET ADJUSTMENTS FOR CREDIT RISK ON FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN	Value adjustments (1)						Recoveries (2)				Total 2021
	Stage 1	Stage 2	Stage 3		purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	purchased or originated credit impaired	
Transactions/Income			*Write-offs*	Other	*Write-offs*	Other					
A. Loans and advances to banks	**(1)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(1)**
- Loans	(1)	0	0	0	0	0	0	0	0	0	(1)
- Debt securities	0	0	0	0	0	0	0	0	0	0	0
B. Loans and advances to customers	**(458)**	**(73)**	**(14,580)**	**(108,467)**	**0**	**(3,880)**	**6,182**	**0**	**28,617**	**725**	**(91,677)**
- Loans	(458)	(73)	(14,580)	(108,467)	0	(3,880)	5,821	257	28,617	725	(92,038)
- Debt securities	0	0	0	0	0	0	361	0	0	0	361
Total	**(459)**	**(73)**	**(14,580)**	**(108,467)**	**0**	**0**	**6,182**	**0**	**28,617**	**0**	**(91,678)**

The item recoveries on loans relating to loans to customers includes € 20,021 thousand in recoveries from collection.

8.1a NET ADJUSTMENTS FOR CREDIT RISK ON FINANCIAL ASSETS MEASURED AT AMORTISED COST SUBJECT TO COVID-19 SUPPORT MEASURES: BREAKDOWN	Value adjustments (1)						Total 2021	Total 2020
	Stage 1	Stage 2	Stage 3		*purchased or originated credit impaired*			
Transactions/Income			*Write-offs*	Other	*Write-offs*	Other		
1. Forborne loans compliant with the GL	0	0	0	0	0	0	0	(4,698)
2. Loans subject to moratorium measures in place no longer compliant with the GL and not assessed as subject to forbearance	0	0	0	(438)	0	0	(438)	0
3. Loans subject to other forbearance measures	0	0	0	(5,446)	0	0	(5,446)	(122)
4. New loans	(116)	0	0	(3,504)	0	0	(3,620)	(126)
Total	**(116)**	**0**	**0**	**(9,388)**	**0**	**0**	**(9,504)**	**(4,946)**

8.2 NET ADJUSTMENTS FOR CREDIT RISK ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN	Value adjustments (1)						Recoveries (2)				Total 2021	Total 2020
	Stage 1	Stage 2	Stage 3		purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	*purchased or originated credit impaired*		
Transactions/Income			*Write-offs*	Other	*Write-offs*	Other						
A. Debt securities	**(224)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(224)**	**764**
B. Loans	**(14)**	**0**	**(13)**	**(1,217)**	**0**	**0**	**126**	**0**	**1,737**	**0**	**813**	**388**
- customers	(14)	0	(13)	(1,217)	0	0	126	194	1,737	0	813	348
- banks	0	0	0	0	0	0	0	0	0	0	0	40
Total	**(238)**	**0**	**(13)**	**(1,217)**	**0**	**0**	**126**	**0**	**1,737**	**0**	**589**	**1,152**

8.2a NET ADJUSTMENTS FOR CREDIT RISK ON FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME SUBJECT TO COVID-19 SUPPORT MEASURES: BREAKDOWN	Net impairment (1)					Total 2021	Total 2020
	Stage 1 and 2	Stage 3		*purchased or originated credit impaired*			
Transactions/Income		*Write-offs*	Other	*Write-offs*	Other		
1. Forborne loans compliant with the GL	0	0	0	0	0	0	0
2. Loans subject to moratorium measures in place no longer compliant with the GL and not assessed as subject to forbearance	0	0	0	0	0	0	0
3. Loans subject to other forbearance measures	0	0	0	0	0	0	0
4. New loans	0	0	0	0	0	0	0
Total 2021	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total 2020	**0**	**0**	**0**	**0**	**0**	**0**	**0**

SECTION 9 – PROFIT/LOSSES FROM CONTRACTUAL CHANGES WITHOUT DERECOGNITION - ITEM 140

The item includes the adjustment made to the carrying amounts of loans to customers which underwent modifications to the contractual cash flows without giving rise to derecognition, pursuant to par. 5.4.3 and Appendix A of IFRS 9.

As at 31 December 2021, this item amounted to roughly € 363 thousand.

SECTION 10 – NET PREMIUMS – ITEM 160

There are no items of this type.

SECTION 11 – OTHER NET INSURANCE INCOME/EXPENSE – ITEM 170

There are no items of this type.

SECTION 12 - ADMINISTRATIVE EXPENSES - ITEM 190

12.1 PERSONNEL EXPENSES Type of expense/Sectors	Total 2021	Total 2020
1) Employees	**(131,984)**	**(125,977)**
a) wages and salaries	(93,299)	(89,851)
b) social security charges	(24,681)	(22,904)
c) severance pay	(5,179)	(5,342)
d) social security expenses	0	(9)
e) provision for employee severance pay	(90)	193
f) provision for pension fund and similar obligations:	0	(101)
- defined contribution	0	0
- defined benefit	0	(101)
g) contributions to external pension fund:	(3,823)	(3,631)
- defined contribution	(3,820)	(3,160)
- defined benefit	(3)	(471)
h) costs related to share-based payments	0	0
i) other employee benefits	(4,912)	(4,332)
2) Other staff	**(49)**	(438)
3) Directors and Statutory Auditors	**(2,518)**	(2,387)
4) Retired personnel	**0**	0
Total	**(134,551)**	**(128,802)**

12.2 AVERAGE NUMBER OF EMPLOYEES PER CATEGORY	Total 2021	Total 2020
1) Employees	1.867	1,853
a) executives	31	30
b) middle managers	587	564
c) remaining staff	1,249	1,257
2) Other staff	2	2
Total	**1,869**	**1,853**

12.3 DEFINED BENEFIT COMPANY PENSION PLANS: COSTS AND REVENUES	
Costs and revenues	**(728)**
Revenues relating to employee severance pay	725
Costs for contributions to the Supplementary Pension Fund for Cassa di Risparmio di Asti personnel	(3)

	EXTERNAL PLANS	
	2021	2021
	Employee severance pay	Supplementary Pension Fund
Costs and revenues recognised	**(725)**	**(3)**
Social security cost relating to service	0	0
Financial income from discounting	0	0
Financial expenses from discounting shown in other comprehensive income	(740)	0
Financial expenses recognised in profit or loss	0	0
Expected return on Fund assets	15	0
Contributions paid pursuant to art. 28 of the Articles of Association of the Supplementary Pension Fund for Cassa di Risparmio di Asti personnel	0	(3)

12.5 OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN	Total 2021	Total 2020
Expenses for data processing and archiving	(27,139)	(25,285)
Rent payable on real estate and rental of moveable assets	(1,201)	(1,291)
Expenses for the maintenance of real estate and moveable assets	(4,457)	(3,708)
Legal expenses	(4,310)	(4,563)
Building management expenses	(4,831)	(5,633)
Phone, data transmission and postal expenses	(3,681)	(3,689)
Advertising and promotional expenses	(3,962)	(4,521)
Expenses for commercial information, records, appraisals	(5,945)	(5,139)
Costs for the provision of services regarding personnel	(450)	(423)
Securitisation costs	(5,536)	(4,639)
Expenses for transportation of valuables	(2,533)	(2,639)
Other professional and advisory expenses	(4,821)	(6,792)
Expenses for office materials	(650)	(682)
Membership fees	(14,878)	(12,864)
Electronic banking	(1,244)	(1,065)
Travel and transportation expenses	(977)	(954)
Machine rental expenses	(1,581)	(1,633)
Expenses for the acquisition of treasury services	(8)	(9)
Customer insurance	0	(10)
Other expenses	(4,454)	(3,719)
INDIRECT TAXES AND DUTIES		
Stamp duties	(24,876)	(23,772)
Substitute tax	(2,203)	(1,413)
IMU/ICI tax	(1,392)	(1,371)
Municipal solid waste disposal fee	(303)	(285)
Advertising tax	(266)	(226)
Registration tax	(79)	(82)
Other taxes and duties	(121)	(127)
Total	**(121,898)**	**(116,534)**

SECTION 13 – NET PROVISIONS FOR RISKS AND CHARGES - ITEM 200

13.1 NET PROVISIONS FOR CREDIT RISK RELATING TO COMMITMENTS TO DISBURSE FUNDS AND GUARANTEES GIVEN: BREAKDOWN	Total 2021	Total 2020
Commitments to disburse funds and financial guarantees given stage 1-2	1,192	(491)
Commitments to disburse funds and financial guarantees given stage 3	(1,043)	272
Total	**149**	**(219)**

13.3 NET ALLOCATIONS TO OTHER PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN	Total 2021	Total 2020
Provisions and reallocations to provisions for risks due to claw-backs	(232)	(318)
Provisions and reallocations to provisions for personnel expenses	(173)	(641)
Provisions and reallocations for other disputes	(1,758)	(3,790)
Other provisions and reallocations to provisions for risks and charges	(11,862)	(10,156)
Total	**(14,025)**	**(14,905)**

The item Sundry disputes includes approximately € 0.4 million relating to out-of-court claims related to the application of the guarantee and indemnity clauses as part of the securitisation transaction with GACS of loans classified as non-performing called "Pop NPLs 2019", completed during the year 2019.

The allocations for the year attributable to the subsidiary Pitagora refer mainly to:

- potential future expenses for € 667 thousand, resulting from the adjustment of the provision and the non-recharge to agents, relating to commission expenses calculated pro-rata temporis, acknowledged to customers in the event of the early termination of loans disbursed before June 2016, and not recharged to agents, in line with the policy adopted by the Company;
- potential future expenses referring to reimbursements of price spreads between the discount rate and the rate applied to customers due to loan transferee companies following early termination for € 18,224 thousand;
- potential future expenses relating to collection expenses charged by INPS, equal to € 645 thousand;
- potential future expenses for potential future complaints from customers; in 2021, said item also included the complaints received in relation to customer refunds following early terminations which took place before the guidelines of the Bank of Italy of 4 December 2020, and which determined a net allocation to the Income Statement of € 1,318 thousand;
- the agents' leaving indemnities (FIRR) for € 174 thousand;
- other potential future expenses, including those relating to legal proceedings pending, which determined a net use of € 45 thousand.

SECTION 14 - NET ADJUSTMENTS TO/RECOVERIES ON PROPERTY, PLANT AND EQUIPMENT - ITEM 210

14.1 NET ADJUSTMENTS TO PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN Asset/Income	Depreciation (a)	Impairment losses (b)	Recoveries (c)	Net profit (loss) (a + b - c)
A. Property, plant and equipment				
1. Used in the business	(14,644)	0	0	(14,644)
- Owned	(7,979)	0	0	(7,979)
- Rights of use acquired with leases	(6,665)	0	0	(6,665)
2. Held for investment purposes	(1,284)	0	0	(1,284)
- Owned	(1,284)	0	0	(1,284)
- Rights of use acquired with leases	0	0	0	0
3. Inventory	X	0	0	0
Total	**(15,928)**	**0**	**0**	**(15,928)**

SECTION 15 – NET ADJUSTMENTS TO/RECOVERIES ON INTANGIBLE ASSETS - ITEM 220

15.1 NET ADJUSTMENTS TO/RECOVERIES ON INTANGIBLE ASSETS: BREAKDOWN Asset/Income	Amortisation (a)	Impairment losses (b)	Recoveries (c)	Net profit (loss) (a + b - c)
A. Intangible assets				
Of which: *software*	(48)	0	0	(48)
A.1 Owned	(6,219)	0	0	(6,219)
- Generated internally by the company	0	0	0	0
- Other	(6,219)	0	0	(6,219)
A.2 Rights of use acquired with leases	0	0	0	0
Total	**(6,219)**	**0**	**0**	**(6,219)**

SECTION 16 - OTHER OPERATING EXPENSES/INCOME - ITEM 230

16.1-16.2 OTHER OPERATING EXPENSES/INCOME: BREAKDOWN	Total 2021	Total 2020
Other operating income	**31,352**	**29,435**
Tax recovery	26,524	24,243
Charges to third parties for costs on deposits and c/a	548	527
Rent and fee income	1,044	1,012
Other income from contingent assets	1,664	2,356
Recoveries of other expenses	1,572	1,297
Other operating expenses	**(2,295)**	**(4,899)**
Amortisation on improvements on third party assets	(977)	(1,072)
Other expenses and contingent liabilities	(1,318)	(3,827)
Total other operating expenses/income	**29,057**	**24,536**

SECTION 17 - GAINS (LOSSES) ON EQUITY INVESTMENTS - ITEM 250

17.1 GAINS (LOSSES) ON EQUITY INVESTMENTS: BREAKDOWN Income/Sectors	Total 2021	Total 2020
1) Jointly owned companies		
A. Income	0	0
1. Revaluations	0	0
2. Gains on disposal	0	0
3. Recoveries	0	0
4. Other income	0	0
B. Charges	0	(500)
1. Write-downs	0	0
2. Impairment losses	0	(500)
3. Losses on disposal	0	0
4. Other charges	0	0
Net profit (loss)	**0**	**(500)**
2) Companies subject to significant influence	**0**	
A. Income	0	0
1. Revaluations	0	0
2. Gains on disposal	0	0
3. Recoveries	0	0
4. Other income	0	0
B. Charges	0	0
1. Write-downs	0	0
2. Impairment losses	0	0
3. Losses on disposal	0	0
4. Other charges	0	0
Net profit (loss)	**0**	**0**
Total	**0**	**(500)**

SECTION 18 - NET GAINS (LOSSES) ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS MEASURED AT FAIR VALUE - *ITEM* 260

There are no items of this type.

SECTION 19 – IMPAIRMENT OF GOODWILL - ITEM 270

There are no items of this type.

SECTION 20 – GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS - ITEM 280

20.1 GAINS (LOSSES) ON DISPOSAL OF INVESTMENTS: BREAKDOWN Income/Sectors	Total 2021	Total 2020
A. Property	(449)	3
- Gains on disposal	0	3
- Losses on disposal	(449)	0
B. Other assets	0	6
- Gains on disposal	0	6
- Losses on disposal	0	0
Net profit (loss)	**(449)**	**9**

SECTION 21 – TAX EXPENSES (INCOME) FOR THE PERIOD FROM CONTINUING OPERATIONS - ITEM 300

21.1 TAX EXPENSES (INCOME) FOR THE PERIOD FROM CONTINUING OPERATIONS: BREAKDOWN Income/Sectors	Total 2021	Total 2020
1. Current tax (-)	(9,558)	(4,584)
2. Changes of current tax of previous years (+/-)	817	105
3. Decreases in current tax for the year (+)	1,683	5,650
3.*bis* Decreases in current tax for the year due tax credit pursuant to L. 214/2011 (+)	0	0
4. Changes in deferred tax assets (+/-)	(19,220)	(15,054)
5. Changes in deferred tax liabilities (+/-)	9,329	1,306
6. Tax expense for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**(16,949)**	**(12,577)**

21.2 RECONCILIATION BETWEEN THEORETICAL AND ACTUAL TAX CHARGE Items/Balances	Total 2021
Profit before tax (item 250)	56,596
THEORETICAL TAXES (IRES 27.5% - IRAP 5.57%)	**(18,716)**
DEFINITIVE TAX INCREASES	**(20,702)**
- non-deductible costs and expenses	(892)
- non-deductible write-downs	(7,646)
- higher tax base and effective IRAP rate	(9,678)
- IMU tax and other non-deductible costs and taxes	(2,486)
DEFINITIVE TAX DECREASES	**22,469**
- exempt share of dividends and pex	1,734
- Aid to economic growth (ACE)	2,055
- changes of current tax of previous years	1,117
- other decreases	17,563
INCOME TAXES IN INCOME STATEMENT	**(16,949)**

SECTION 22 – PROFIT (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS - ITEM 320

There are no items of this type.

SECTION 23 – MINORITY PROFIT (LOSS) FOR THE PERIOD - ITEM 340

23.1 DETAILS OF ITEM 340 MINORITY PROFIT (LOSS) FOR THE PERIOD Company Name	Total 2021	Total 2020
Equity investments with significant minority interests		
1. Biverbanca S.p.A.	0	0
2. Pitagora Contro Cessione del Quinto S.p.A.	5,483	3,312
3. We Finance S.p.A.	(363)	0
Other equity investments	0	0
Total	**5,120**	**3,312**

SECTION 24 – OTHER INFORMATION

There are no items of this type.

SECTION 25 – EARNINGS PER SHARE

25.1 Average number of diluted ordinary shares

As there are no preference shares or financial instruments which could entail the issue of shares, there are no dilutive effects on the share capital.

25.2 Other information

The consolidated earnings per share, calculated by dividing the net profit by the 70,537,048 ordinary shares outstanding, are € 0.56.

DETAILED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME Items		Total 2021	Total 2020
10.	**Profit (loss) for the year**	**39,647**	**27,297**
	Other income without reversal to income statement	**(37,198)**	**20,851**
20.	Equity securities designated at fair value through other comprehensive income:	(53,550)	21,197
	a) change in fair value	(53,550)	21,197
	b) transfers to other components of shareholders' equity	0	0
30.	Financial liabilities designated at fair value through profit or loss (changes to own credit rating):	(407)	(491)
	a) change in fair value	(407)	(491)
	b) transfers to other components of shareholders' equity	0	0
40.	Hedging of equity securities designated at fair value through other comprehensive income:	0	0
	a) change in fair value (hedged instrument)	0	0
	b) change in fair value (hedging instrument)	0	0
50.	Property, plant and equipment	0	0
60.	Intangible assets	0	0
70.	Defined benefit plans	14,375	2,021
80.	Non-current assets held for sale and discontinued operations	0	0
90.	Share of valuation reserves of equity investments carried at equity	0	0
100.	Income tax relating to other income without reversal to income statement	2,384	(1,876)
	Other income with reversal to income statement	**(32,875)**	**18,985**
110.	Foreign investment hedges:	0	0
	a) changes in fair value	0	0
	b) reversal to income statement	0	0
	c) other changes	0	0
120.	Exchange differences:	0	0
	a) changes in value	0	0
	b) reversal to income statement	0	0
	c) other changes	0	0
130.	Cash flow hedges:	8,150	3,832
	a) changes in fair value	8,150	3,832
	b) reversal to income statement	0	0
	c) other changes	0	0
	of which: result of net positions	0	0
140.	Hedging instruments (elements not designated):	0	0
	a) changes in value	0	0
	b) reversal to income statement	0	0
	c) other changes	0	0
150.	Financial assets (other than equity securities) designated at fair value through other comprehensive income:	(57,268)	24,534
	a) changes in fair value	(57,493)	(5,027)
	b) reversal to income statement	224	29,561

	- losses for credit risk	224	(764)
	- realised gains/losses	0	30,325
	c) other changes	1	0
160.	Non-current assets held for sale and discontinued operations:	0	0
	a) changes in fair value	0	0
	b) reversal to income statement	0	0
	c) other changes	0	0
170.	Share of valuation reserves of equity investments carried at equity:	0	0
	a) changes in fair value	0	0
	b) reversal to income statement	0	0
	- impairment losses	0	0
	- realised gains/losses	0	0
	c) other changes	0	0
180.	Income tax relating to other income with reversal to income statement	16,243	(9,381)
190.	**Total other income**	**(70,073)**	**39,836**
200.	**Other comprehensive income (Item 10+190)**	**(30,426)**	**67,133**
210.	Minority consolidated other comprehensive income	4,868	2,148
220.	**Consolidated comprehensive income attributable to Parent Company**	**(35,294)**	**64,985**

SECTION 1 - RISKS OF THE ACCOUNTING CONSOLIDATED PERIMETER

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

A.1 NON-PERFORMING AND PERFORMING CREDIT EXPOSURES: AMOUNTS, WRITE-DOWNS, CHANGES, DISTRIBUTION BY BUSINESS ACTIVITY

A.1.1 BREAKDOWN OF FINANCIAL ASSETS BY PORTFOLIO AND CREDIT QUALITY (BOOK VALUES) Portfolios/quality	Bad loans	Unlikely to pay	Non-performing past due exposures	Other non-performing exposures	Performing exposures	Total
1. Financial assets measured at amortised cost	84,023	155,031	12,943	53,010	11,312,438	11,617,445
2. Financial assets measured at fair value through other comprehensive income	1,348	2,469	1,567	104	1,365,824	1,371,312
3. Financial assets designated at fair value	0	0	0	0	0	0
4. Other financial assets mandatorily measured at fair value	0	0	0	0	1,661	1,661
5. Financial assets held for sale	0	0	0	0	0	0
Total 2021	**85,371**	**157,500**	**14,510**	**53,114**	**12,679,923**	**12,990,418**
Total 2020	**112,336**	**202,580**	**16,780**	**98,596**	**12,031,816**	**12,462,108**

In line with the 7th update of Circular no. 262 of 22 December 2005, issued on 29 October 2021, the item "Cash and cash equivalents" includes current accounts and demand deposits at banks included up to 2020 under "Financial assets measured at amortised cost". For comparative purposes, the item relating to the 2020 financial year has been restated according to the new provisions of the 7th update.

A.1.2 BREAKDOWN OF FINANCIAL ASSETS BY PORTFOLIO AND CREDIT QUALITY (GROSS AND NET VALUES)	Non-performing				Performing			Total (net exposure)
Portfolios/quality	Gross exposure	Overall value adjustments	Net exposure	*Total partial write-offs**	Gross exposure	Overall value adjustments	Net exposure	
1. Financial assets measured at amortised cost	490,414	238,417	251,997	50,742	11,425,732	60,284	11,365,448	11,617,445
2. Financial assets measured at fair value through other comprehensive income	10,957	5,573	5,384	0	1,366,626	698	1,365,928	1,371,312
3. Financial assets designated at fair value	0	0	0	0	X	X	0	0
4. Other financial assets mandatorily measured at fair value	0	0	0	0	X	X	1,661	1,661
5. Financial assets held for sale	0	0	0	0	0	0	0	0
Total 2021	**501,371**	**243,990**	**257,381**	**50,742**	**12,792,358**	**60,982**	**12,733,037**	**12,990,418**
Total 2020	**677,932**	**346,236**	**331,696**	**8,713**	**12,185,672**	**67,096**	**12,130,412**	**12,462,108**

Portfolios/quality	Assets with evident poor credit quality		Other assets
	Accumulated capital losses	Net exposure	Net exposure
1. Financial assets held for trading	(78)	503	55,668
2. Hedging derivatives	0	0	8,184
Total 31/12/2021	**(78)**	**503**	**63,852**
Total 31/12/2020	**23**	**154**	**44,349**

SECTION 2 - RISKS OF THE PRUDENTIAL CONSOLIDATED PERIMETER

RISK MANAGEMENT POLICIES

In observance of the Prudential Supervision Regulations and the strategies established in the various planning documents, the Cassa di Risparmio di Asti Group considers the process of continuously refining and reinforcing the overall Internal Control System and the verification of current and outlook capital adequacy to be strategic in nature.

In continuity with previous years, also in 2021, the Group continued its activities for the evolution of its Internal Control System with a view to obtaining positive results in terms of greater effectiveness and integration of the oversight mechanisms in response to the risks identified.

The evolution of the Group's internal regulatory structure, aiming for the continuous strengthening of the oversight mechanisms adopted, continued in the course of 2021 and entailed the drafting or updating of a series of documents regarding various types of risk.

As part of continuous monitoring activities, the Bank conducted a careful assessment of all risks to which it could be exposed, identifying as relevant credit, counterparty, market (first and second pillar on the portfolio of FVOCI securities of the banking book), operational and IT, concentration, interest rate and liquidity risk, as well as risks deriving from securitisation transactions, compliance and anti-money laundering risk and strategic, country, reputational, residual, model and excessive financial leverage risks.

Following this activity, according to the internal capital adequacy assessment process, in June 2021 the Group prepared the ICAAP Report referring to 31 December 2020 for the overall scope of the relevant Group, then sent it to the Supervisory Body.

According to what emerged, the overall capital available was adequate to handle current and forward-looking total internal capital in the COVID-19 scenario (referring to 2021 and 2022, taking into account the provisional plans over that time horizon, as indicated in the company planning documents prepared by the Strategic Planning Service - in particular the Strategic Plan, 2021 annual budget, NPE Strategy), i.e. the quantification of unexpected losses calculated according to the standard methodology on first and second pillar risks.

The above-mentioned internal process requires an initial risk mapping, with the schematic identification of sources of origin, to be followed, for each type of risk, by a detailed analysis of the following aspects, when applicable:

- the sources of risk to be assessed;
- the structures responsible for management;
- the measurement/valuation and management instruments and methodologies;
- risk measurement and the determination of the relative internal capital.

In compliance with the provisions laid out by the Bank of Italy with Circular no. 285 of 17 December 2013, please note that the information pursuant to the "Basel 3 Pillar 3 - PUBLIC DISCLOSURE" relating to capital adequacy, risk exposure and the general characteristics of the systems responsible for the identification, measurement and management of those risks, was published on the website "*www.bancadiasti.it*" of Cassa di Risparmio di Asti S.p.A.
The subsequent sections explain in detail the different nature of the risks and the company structures responsible for managing them.

SECTION 1 - CREDIT RISK

QUALITATIVE INFORMATION

1. General aspects

The credit policy of the Cassa di Risparmio di Asti Group, as defined by the "Group Credit Policies", is geared towards the needs of customers belonging to the private and corporate segments with strong links to the area of competence, in other words, the retail market composed of subjects with whom it is possible to "personalise" the relationship.
The company's lending strategy therefore remains focussed on working with counterparties whose strategic decisions and decisive economic and financial factors it can be familiar with, prioritising credit risk protection over increasing asset volumes.
With this in mind, the entry of Biverbanca into the Group at the end of 2012, then incorporated into the Parent Company in 2021, made it possible to further improve the overall lending activity, with the possibility of achieving a higher return on loans, greater diversification and granularity of the loan portfolio and the introduction of processes and products of the Parent Company dedicated to the segment of private customers who were not present in the subsidiary. The acquisition of control of Pitagora S.p.A., on the other hand, made it possible to expand the market and the area of operations with the aim of increasing and diversifying the sources of income and development through a company specialising in salary and pension assignment loans (CQS/CQP) which has a multi-functional network throughout the country, in particular in northern and central Italy, and which for many years has employed an innovative business model aimed at banks and the retail market.
For further details, please refer to the public disclosure of the Cassa di Risparmio di Asti Group ("Third Pillar").

2. Credit risk management policies

2.1. Organisational aspects

The Board of Directors of the Parent Company, with the support of the Risks Committee (internal board), defines the general lines of the process and the credit management policies, which are implemented by the Boards of Directors of the subsidiaries and implemented by the Chief Executive Officer / General Manager of the Parent Company and of the individual companies.
Within the Group, credit risk management is assigned, to a different extent depending on the mission and activities assigned by the “Internal Regulation”, to the following Organisational Units:

- Risks and ALM Committee (managerial): supports the Chief Executive Officer / General Manager of the Parent Company in the analysis of the loan portfolios of the individual companies and of the Group as a whole, in monitoring the current and future risk level and in identifying the actions taken to optimise, as part of the overall management of the ALM, the composition of the loan portfolio and the related risk/return ratio;
- Group Credit Policies Committee: supports the Parent Company’s Chief Executive Officer / General Manager, in line with the strategic decisions approved, in defining and coordinating the credit policy guidelines of the individual Companies and the Group as a whole, as well as with optimising the risk/return profile of the loan portfolio;
- Credit Committee: directs and optimises, at the operational level, the credit activity of the relative Company, within the framework of the strategies and policies approved by the competent Corporate Bodies. The Credit Committee defines the general and specific guidelines for the operational management of credit risk and resolves on the transactions for which it is responsible provided for in the relative “Regulation of delegated powers in the field of credit transactions”; moreover, it expresses opinions on the practices pertaining to the Board of Directors and the Chief Executive Officer, or, with reference to the Parent Company, also on the practices of the subsidiaries within the decision-making competence of the relevant Board of Directors;
- Credit Department: directs the operational activities of its Bank in accordance with the strategies, policies and provisions defined by the competent Corporate Bodies and supervises and coordinates the overall credit risk underwriting and management activity. Operationally, the Credit Manager relies on the Credit Lines Department, the Private Parties Lending Department, the Special Loans Department, Loans under Observation Department and the Loan Operational Management Department, each within the scope of its own responsibilities;
- Non-Performing Loans Department: optimises the management of non-performing loans (NPE) in line with the objectives of NPE Ratio reduction, debt collection and active management of the NPE portfolio and supervises the non-performing loan classification and measurement processes. The operating units within this Department are represented by the Credit

Portfolio Monitoring & Collection Management Office, the Anomalous Loans Management Office and the Bad Loans Management Office;

- Commercial Network: pursues commercial and income objectives of maximising profitability corrected for the risks assumed, continuously seeks the improvement of commercial and operational effectiveness, oversees the systematic acquisition of information (both quantitative and qualitative) on managed customers in order to favour adequate assessments of creditworthiness or to verify subsequent deterioration, promptly reporting them to the Credit Lines Department and the Loans under Observation Department;
- Compliance Function: prevents the risk of non-compliance with external and internal regulations;
- Finance Function: as part of the strategies defined by the Board of Directors in the “Group financial investment policies” and in observance of the limits established in the “Regulation of delegated powers on financial transactions”, as well as the operational guidelines of the General Manager, the effective management of the owned securities portfolio of the Group in terms of composition and the risk/return ratio;
- Risk Management Function: constantly monitors the trend of the risk level of the loan portfolio, informing the competent Bodies and Functions through the preparation of adequate reports, draws up the data needed for the preparation of the proposal to develop and update the risk objectives, the tolerance thresholds and the maximum assumable risk (in coordination with the Planning Function), promptly informs the competent Bodies and/or Functions of situations in which alert levels have been exceeded, the levels of risk appetite and/or the correlated tolerance thresholds established as part of the Risk Appetite Framework, it takes care of the effectiveness of the methodologies adopted for the assessment, measurement, control and management of the loan portfolio, reporting and suggesting any improvement actions, performs both large-scale and sample checks on the positions which make up the loan portfolio of the Group, in compliance with the provisions specifically governed by the "Group Regulation on the Verification of Credit Performance Monitoring", issues preventive opinions on the consistency of the Major Transactions with the Risk Governance Policies and with the RAF and implements periodic controls aimed at ensuring compliance with the model outlined for the management of OMRs (transactions of greater importance).
- Furthermore, as part of the Risk Control Function, the Credit Risk Models and Rating Desk Department oversees the Rating Attribution process within the new AIRB rating system and is competent to resolve on requests for *Override* and Certification of the counterparty rating.

The process of disbursing and managing loans is governed, first of all, by the “Regulation of delegated powers”, further outlined in the “Regulation of delegated powers on credit transactions”. In particular, the latter defines the breakdown and extent of delegations on lending between the delegated parties of the head office and

the delegated parties of the Sales Network: credit facilities are classified in 6 risk categories on the basis of the type of transaction, subsequently aggregated into 4 risk classes. There are also quantitative rating limits (at the level of the amount of appropriately aggregated transactions) pre-established by the Regulation itself which identifies, for the delegated parties of the Branch Network, a further breakdown into 4 categories with different levels of delegated powers. The category is attributed by the General Manager or by the Credit Director on the basis of the capabilities of the person holding that role.
Within the more specific concentration risk, the Group pays significant attention to the overall exposure to different customer segments and the process of defining groups of connected customers and lending to and managing such groups.
To oversee the group lending and management process, the “Regulation of delegated powers on credit transactions” introduces, for that situation, greater rigour in the decision-making and operational capabilities of the delegated parties through specific articles.
As regards the creditworthiness of the issuers of securities held in the Group portfolio, the minimum rating requirements are set forth in the “Regulation of delegated powers on financial transactions” and constantly monitored by the Parent Company’s Integrated Risk Control Office.

2.2. Credit risk management, measurement and control

The credit facility screening procedure is broken down into three macro-classes of activity:
- acquiring documentation;
- acquiring information and data;
- processing and putting together available information with different levels of detail depending on the type of transaction concerned.

Furthermore, for the counterparties belonging to the "Private", "Retail Businesses AIRB" and "Corporate AIRB" segments, the holder of the relationship within the Commercial Network must start the process that leads to the assignment of a counterparty rating (activity regulated by "Regulatory and Operational Provisions on Rating Attribution").

For credit facilities to businesses, the information from the Sales Network is supplemented by the data taken from Innolva reports (chamber of commerce records, corporate structure analyses, personal information sheets on directors and shareholders), websites and print media (IlSole24Ore and industry journals).
The quantitative analysis aims to provide a snapshot of the customer from the economic, financial and capital perspective, and relies on a broad range of tools, including:
- IT tools for the reclassification of financial statement data and income documentation;
- Statistical databases and position sheets for the analysis of relationships with the Bank;

- Central Credit Register of the Bank of Italy for the analysis of trends of relationships with other institutions;
- information provided by the customer and real estate mortgage records to compile records on owned real estate;
- Interbank register of bad cheques and payment cards database, protests database, databases of chamber of commerce and land registry adverse entries to verify the presence or otherwise of adverse events;
- EURISC CRIF database.

Basic tools used to support credit rating analysis are the internal AIRB rating system (for the Private, Retail Businesses and Corporate segments) and the internal C.R.S. (Credit Rating System) scoring system. Both models, developed by Cedacri, define an internal scoring system used to assign a likelihood of insolvency to each customer, to allow the Group Banks to group their loan portfolios into uniform risk classes.
In collaboration with the outsourcer Cedacri and with some consortium banks, the Group has undertaken a project for the development of an AIRB (Advanced Internal Rating Based) Pooled Rating system with a view to refining the system for measuring credit risk and making company credit measurement and governance processes more robust.
This project resulted in the adoption, for management purposes, of the AIRB rating in the Corporate, Retail Businesses and Private segments. The AIRB rating, when applicable, involves a Rating Attribution process which aims to integrate qualitative information which, by its nature, cannot be autonomously drawn from the model.
All of this constitutes the prerequisite for a better analysis of loan portfolio trends (evolution of risk and resulting determination of adjustments on performing loans) and the use of the rating system as an operating tool in terms of delegations and pricing.
The screening phase envisaged for performing loans to private parties, supported by a repayment plan and not intended directly or indirectly for business activities (mortgage loans, takeovers of builders’ loans and discharging takeovers of loans to private parties, consumer credit, unsecured loans to private consumers) and for credit cards, relies on the support of credit scoring techniques, through the Crif analysis, as well as the investigation tools commonly employed for other credit facilities (Central Credit Register of the Bank of Italy, Protests and Adverse Events Control - database provided by Innolva - verification of business performance and anomalies reported in the EURISC CRIF database). Limited to loans in the form of consumer credit, the analysis is further supplemented by the scoring of the Experian and CTC SICs (Credit Information Systems).
Aside from the granting phase, an additional fundamental moment in the process of managing credit risk is represented, at least for the types concerned, by the renewal of credit facilities, governed by the Regulation on the matter.
Credit facilities subject to revocation must ordinarily be renewed at least every 12 months and each delegated party is responsible for deciding on the basis of the powers established for granting ordinary credit lines.
In derogation of ordinary methods, for credit facilities subject to revocation which meet certain conditions, “automatic renewal” is envisaged, based on the customer

rating, with subsequent confirmation by the party to which the commercial relationship is assigned.

In addition, the Credit Director is assigned the power to order the extraordinary review of credit facilities granted to customers, irrespective of renewal frequency. In this case, the decision on the review is under the responsibility of the Delegated bodies and the Head Office Delegated parties.

For the measurement of credit risk, the Group relies, for reporting purposes, on the SDB Matrix procedure, while for trend analyses it uses the CCM - Credit Capital Manager procedure. Both procedures have been made available by the IT outsourcer Cedacri S.p.A.

With respect to Pillar I, the Group adopts the standard method and, as concerns Credit Risk Mitigation techniques, the simplified method.

Within the ICAAP process, the Group periodically performs stress tests on the credit risk measurement. This activity, carried out in a centralised manner by the Parent Company, aims to determine the internal capital required to handle any losses deriving from deterioration, such as increases in default rates (measured as the ratio between bad loan flows during the period and performing loans at the beginning of the year) and a consistent reduction in the value of guarantees.

Furthermore, also within the scope of the Pillar II supervisory review process, the Group quantifies the internal capital required to cover concentration risk for each borrower and geo-sectorial, on the basis of the current situation as well as following the application of stress scenarios.

Lastly, an effective credit risk management process cannot but include continuous and careful control activities, at overall portfolio as well as individual customer level.

To guarantee respect for the delegation limits described above, the Group has put operating blocks into place which, through the “Autonomies Controls” procedure, prevent the entry of credit facilities if the delegation set forth in the specific internal regulation is surpassed.

Constant first level monitoring (line and second level controls) is required to oversee credit quality performance. As set forth in the “Internal Regulation”, a first level control is enacted by the Local Network parties, handling the systematic acquisition of information - both quantitative and qualitative - on the customers managed, in order to favour adequate credit rating assessments and constant monitoring of rating changes, and promptly reporting to the Credit Lines Office and the Loans under Observation Office of the Parent Company any information potentially symptomatic of a deterioration in the credit rating.

This action is reinforced by periodic systematic controls (daily, weekly and monthly) performed at centralised level through the Loans under Observation Office and with the use of the CQM (Credit Quality Management) procedure. This IT tool is used to log information relating to the customer and the assessments performed by the managers responsible for analysing positions potentially at risk or already classified as unlikely to pay.

The application also provides adequate functions for checking the work performed by employees, making the process directly monitorable by the responsible functions.

Within the Non-performing Loans Division, the Loans Portfolio Monitoring and Collection Management Office is responsible for first-level monitoring of "second level controls", which consists in more extensive monitoring than for the normal "line controls" and, based on reports and periodic audits, focuses on the identification of loan portfolio trends, with the aim of contributing to the prompt application of the Bank's credit policies, verifying the effects of management decisions, monitoring the Bank's capacity to manage and limit the risk, as well as ensuring full compliance with credit risk monitoring regulations and associated management activities.
The Risk Control Function, on the basis of a dedicated regulation adopted following the issue of update XV of Bank of Italy Circular no. 263 of 27 December 2006 (now Bank of Italy Circular no. 285), is responsible for second level monitoring, i.e. verifying the proper execution of performance monitoring on individual exposures, particularly those which are non-performing, and assessing the consistency of classifications, the consistency of provisions and the adequacy of debt collection processes.
Additional loan portfolio monitoring is carried out through quarterly reporting generated by the Integrated Risk Control Office. In particular, analyses are carried out regarding the distribution and performance of credit risk according to various aggregation methods for the variables analysed, such as customer segmentation, the rating bracket and branches of business activities; concentration by customer/groups of customers and by business sector; the performance of risk parameters (EAD, PD and LGD) and other portfolio risk indicators; the composition and performance of risk-weighted assets.

2.3. Measurement methods for expected losses

Based on the provisions of IFRS 9 on impairment, financial assets are divided into three stages as summarised below:

- *stage 1: assets which are performing in line with expectations, for which the value adjustments correspond to the expected losses related to the occurrence of default in the 12 months following the reporting date;*
- *stage 2: exposures whose credit rating is concerned by a significant deterioration, but for which the losses cannot yet be observed*. The adjustments are calculated by considering the expected loss over the entire lifetime of the exposure, i.e. the estimate of the present value of losses (weighted for the respective probabilities of occurrence) that are verified in the period between the valuation date and the date of expiry of the instrument. Therefore, the case in which financial assets are past due by more than 30 days represents a significant increase in credit risk;
- *stage 3: non-performing financial assets.*

IFRS 9 makes it possible to evaluate each individual credit exposure by making recourse to multiple scenarios and associating a likelihood of occurrence with each of them. The valuation scenarios adopted by the Bank, from a forward-looking perspective, took into account, amongst others, the aggravation of the macroeconomic scenario following the COVID-19 pandemic crisis, as well as the NPE Strategy approved at Group level.

Stage 1 and stage 2

With reference to performing loans, the Bank performs an overall assessment on the basis of information and historical series of known data. These loans were included in groups of financial assets with analogous characteristics in terms of credit risk, customer segments and sectors of economic activity, and were valued on a collective basis.
The risk parameters used in the calculation of collective write-downs (Probability of Default - PD, Loss Given Default - LGD and Credit Conversion Factor - CCF) are determined starting from the internal models estimated as part of the Pooled AIRB project. These models were developed by exploiting the pooled data of the Banking Groups that participated in the project in order to strengthen the risk differentiation process (determination of risk drivers). The risk calibration process was instead carried out on the portfolio of the Cassa di Risparmio di Asti Group in order to reflect its specific features.
With regard to the internal parameters of LGD and CCF, estimated consistently with the regulatory requirements of prudential supervision, specific corrections have been adopted in order to make them suitable for calculating the expected accounting loss on receivables.
With regard to the conditioning of risk parameters to the evolution of macroeconomic forecast scenarios, from a forward-looking and multi-scenario perspective in accordance with the accounting standard, the Group adopts an estimated proprietary satellite model of the Prometeia advisor with a methodology in line with the market *best* practices.

Stage 3

The competent offices responsible for non-performing loans, except those previously indicated in relation to COVID-19, then analysed each individual item and assigned to each, considering existing guarantees, both personal and collateral, and their presumed evolution, a value adjustment equal to the presumed potential loss in the case of the “internal management” scenario. The values intrinsic to the transfer scenarios were provided by the Risk Management Function, which made use of an external valuation company.
For all non-performing past due loans, unlikely to pay loans and bad loans of lower amounts, for the “internal management” scenario, the potential loss is attributed on a lump-sum basis in light of an analytical-statistical calculation methodology based on which the valuation of presumed losses, and the corresponding recovery values, is performed through the individual attribution of the estimated loss, broken down by counterparty (retail and business) and distinguishing between exposures backed by guarantees and other exposures.

Intervention and mitigation measures relating to the COVID-19 pandemic

In the impairment calculation, arrangements were made to include a provisional estimate of the potential negative effects of the COVID-19 crisis in the measurement process for loans to customers (non-performing and performing).
This analysis led in particular to:

- updating of the macroeconomic scenarios based on statistical valuation models for performing loans and analytical-statistical valuations of non-performing loans;
- a sector analysis being performed to incorporate - in reference to performing loans - the potential additional effects of the pandemic on the sectors with highest exposure;
- prudential measures for the stage assignment of positions benefiting from moratoria during the year.

Furthermore, the adoption of the new valuation policy which introduced analytical estimation criteria of the recoveries from direct management of non-performing loans more based on a *forward-looking* approach, as well as the periodic updating of the potential realisable values of the properties as collateral and the consequent incorporation of recent market trends have made it possible to obtain valuations deemed reliable, making the use of *post-model* adjustments unnecessary.
Also with regard to the expected prices to be associated with the sale sub-scenarios for the purposes of assessing non-performing loans, reference was made to a single basic scenario, the calculation parameters of which had already metabolised the effects of the pandemic scenario at origin; the prices thus determined were in fact consistent with what can be observed on the NPE sales market.
Following the issue of legislative decrees relating to support measures for the economy in 2020, the objective of which was to assist in the economic crisis generated by the outbreak of the Coronavirus pandemic, there was a natural increase in the incidence of loans backed by state guarantees (e.g. Mediocredito Centrale, SACE) in the Group portfolio.
For the portion of the loan covered by the aforementioned guarantees, the Group opted to define a prudential allocation of provisions against any country risk. The PD (12M and Lifetime) and LGD values for Italy are provided by Prometeia.

2.4. Credit risk mitigation techniques

To mitigate credit risk, during the credit facility granting process, a particular focus is devoted to any guarantees to be requested, the effectiveness of which is checked periodically.
The general principle, correlated with credit risk management, establishes that the analysis of the economic and financial capacity of the loan applicant, as well as the analysis of the financial structure of the transaction, must be accompanied by the valuation of any guarantees (personal and collateral) backing the loan.
In order to evaluate the “weight” of the mortgage security with respect to the guaranteed loan, the following are considered:

- the market value resulting from the appraisal to calculate the maximum LTV (mortgage amount/value of real estate offered as guarantee) differentiated depending on whether the mortgage is on residential real estate or on commercial real estate;
- the present value and the type of titles pledged, to determine the percentage of actual coverage of the credit facility.

Real estate collateral allows for a mitigation of the capital absorption of credit risk when the conditions established by Supervisory Provisions are met.
In deciding on the application, the correlation between the borrower's repayment capacity and the cash flows generated by the real estate used as guarantee is verified, on the basis of the shared criteria laid out in the "Operating Rules for respect for the Prudential Supervision Regulations for Banks on exposures secured by mortgages on real estate".

Alongside this oversight mechanism, the above-mentioned document establishes the guidelines and actions to ensure adequate surveillance and the periodic review of the property subject to the guarantee. These activities are also performed through the "Collateral" procedure provided by the IT outsourcer Cedacri in order to help manage the real estate acquired as guarantee.

In evaluating the guarantee each structure, within its own delegation scope, takes into account the market value of the title pledged and analyses its type, which is a decisive factor for evaluating its risk.

In the analysis of personal guarantees, the financial capacity of the guarantor is evaluated on a priority basis, relying on a series of investigation tools such as: real estate records, mortgage and property registry records, adverse event databases, analysis of indebtedness to the system through the Central Credit Register, internal databases for evaluating portfolios of financial investments.
During the periodic credit facility review, the financial situation of the guarantors is updated by verifying the changes taking place in the real estate and financial assets (relying on the investigation tools outlined above) and the debt position (with the consultation of internal databases and the Central Credit Register).

As regards the amount of the guarantee with respect to the guaranteed position, the "Regulation of delegated powers on credit transactions" establishes that guarantees (omnibus and/or specific) acquired to back credit facilities must be provided on an ordinary basis for an amount of no less than 130% of the guaranteed facilities, to cover any expenses correlated with the principal obligation.

3. Non-performing credit exposures

3.1 Management strategies and policies

The "Group Policies on the classification and valuation of loans to ordinary customers" are intended, in compliance with what is set forth in legal and supervisory regulations, to:

- define the criteria and guidelines for the proper classification of loans;

- define the criteria, standards and techniques for determining provisions on loans to customers;
- define specific control activities relating to loan classification and valuation.

The International Accounting Standards lay out a series of risk elements the occurrence of which entails the classification of the loan as non-performing, such as significant financial difficulties of the borrower or the violation of contractual agreements, such as a breach or non-payment of interest or principal.
The Supervisory Instructions identify the elements characterising each classification category, and in particular:

- the category of bad loans includes all on-balance sheet exposures to parties in a state of insolvency, even if not declared by a court, or in substantially equivalent situations, irrespective of any loss forecasts formulated by the company. Therefore, this is irrespective of the existence of any guarantees (collateral or personal) backing the loans;
- the category of unlikely to pay includes all on-balance sheet and "off-balance sheet" exposures to borrowers for which the full satisfaction of credit obligations, including principal and interest, is deemed unlikely without recourse to specific actions such as in particular the enforcement of guarantees.
  The inclusion of a position in "unlikely to pay loans" is carried out on the basis of a judgement concerning the unlikeliness of a borrower to meet its credit obligations in full. The classification of loans in the category of "unlikely to pay" is therefore the result of a specific assessment, accompanied by suitable internal documentation, intended to confirm the fulfilment of the relative requirements. This assessment is performed irrespective of the presence of any explicit symptoms of difficulty, such as failure to repay the loan or the failure to pay instalments, if there are other elements implying a situation of high likelihood of the borrower's risk of breach.
  In order to identify situations of "unlikely to pay", the following are symptoms of the unlikelihood of the borrower to be capable of fully meeting its obligations, especially if they take place simultaneously:
    - the presence of bad loans identified in the Central Credit Register;
    - the presence of protests, foreclosures, mortgage by order of the court or other adverse enforcement actions by other lenders;
    - the request for negotiations from the banking sector regarding renegotiations or moratoria;
    - the presence of overdue amounts or past-due debts of significant amounts;
    - the classification of the borrower in the last Rating Class of performing loans or in the category of past-due and overdue loans;
- the category of non-performing past-due and/or overdue loans includes exposures to customers other than those classified as bad loans or as unlikely to pay which have been past due or overdue for more than 90 consecutive days and have the characteristics specified below.

The inclusion of a position in the category of "past due and/or non-performing overdue exposures" occurs if the two materiality thresholds (absolute and relative) listed below are exceeded for 90 consecutive days at the Banking Group level:

- absolute threshold:
  - overdraft > € 100 for retail exposures, as defined pursuant to art. 123 of EU Regulation no. 575 of 26 June 2013 and subsequent updates;
  - overdraft > € 500 for the remaining exposures;
- relative threshold;
- 1% of the ratio between the total past due and the total exposure of the debtor or of the joint credit obligation of two or more debtors, without offsetting between the credit lines granted and possibly available, calculated at the Banking Group level.

Bad loans are managed by the Bad Loans Management Office, which assesses the actions to be taken to collect the debt. With respect to the names of borrowers with bad loans or which had bad loans in the past (even if paid off), the exercise of the decision-making powers granted to the delegated parties of the Sales Networks is suspended.
The return to performing status of non-performing exposures takes place with the borrower's recovery of conditions of full solvency, in particular:

- following the elimination of the entire exposure or the repayment of the past-due debt;
- with the restoration, also on the basis of updated credit ratings, of the conditions necessary to re-activate the relationship;
- thanks to the regularisation of the risk position.

Loans are evaluated by the competent organisational structures on the basis of internal regulations and with the application of the valuation criteria and standards set forth in the "Group Policies on the classification and valuation of loans to ordinary customers".
The proposals for provisions for losses are submitted by the Managers of the competent Organisational Units, authorised by the General Manager of the competent Bank and subject to the assessment of the relative Board of Directors on a quarterly basis for confirmation or possibly modification.

3.2 Write-offs

The extinction of a bad loan may take place through the full collection of the debt or when one of the following takes place:

- partial collection of the debt, with the write-off of the remainder, as part of a settlement agreement with the principal borrower or with other obligors;
- write-down of the residual loan once the possible judicial or out-of-court recovery actions deemed appropriate have been carried out, based on an assessment of convenience, with respect to all obligors;

- closure of bankruptcy proceedings in the absence of other possibilities for recovery through actions against any co-obligors;
- total write-off of loans of small amounts for which starting or continuing legal actions is not considered cost effective.

Thus also the removal of the classification of "unlikely to pay loan" may take place, inter alia, when the debt is partially collected, with the write-off of the remainder, as part of a settlement agreement with the principal borrower or with other obligors.

3.3 Purchased or originated impaired financial assets

According to IFRS 9, in certain cases, a financial asset is deemed impaired on initial recognition since it has very high credit risk and, if purchased, it is acquired with significant discounts (with respect to the initial disbursement value). If the financial assets in question, on the basis of the application of classification drivers, are classified under assets measured at amortised cost or at fair value through other comprehensive income, they are qualified as "*Purchased or Originated Credit Impaired Assets*" (POCI) and subject to specific treatment. In particular, as of the date of initial recognition and for their entire lifetime, they are accounted for with value adjustments equal to their lifetime Expected Credit Loss (ECL). POCI financial assets are initially recognised in stage 3, without prejudice to the possibility of being subsequently transferred to performing loans, stage 2, with the recognition of the expected loss again equal to the lifetime ECL. This qualification is also applied for reporting purposes.

4. Financial assets subject to commercial renegotiations and forborne exposures

The nature of commercial renegotiations consists in the purpose of consolidating relations with the borrower which, as a result of hardship conditions being verified as defined in the policy, in any event proves to be able to promptly satisfy the financial obligations originally assumed. A forbearance measure is instead represented by a change in contractual terms in favour of borrowing customers which, also due to events of a temporary nature, are considered no longer able to satisfy the financial obligations originally agreed unless forbearance is granted.

The individual credit line subject to "forbearance" must be identified within performing loans as a "forborne exposure" if, without being eligible for classification as non-performing, the following conditions are simultaneously met:

- the borrower is in a situation of financial difficulty or it is likely that such situation of difficulty may take place without the "forbearance" measure;
- the "forbearance" measure results in at least one of the following situations:
    - modifications of the terms and/or conditions of the original contract, in favour of the borrower, such so as to provide it with sufficient capacity to regularly service the debt;
    - total or partial refinancing of a pre-existing debt.

The forborne performing classification remains in place until the joint fulfilment of the conditions set forth in the "Policies on the classification and valuation of loans to

ordinary customers" is verified, and requires automatic inclusion of the account concerned in stage 2.
If a forborne performing loan is coming from forborne non-performing status and is subject to another "forbearance" measure or has a delay exceeding 30 consecutive days, it must be classified in the most appropriate category of non-performing loans (unlikely to pay or bad loans).
The individual forborne credit line must be reported within its respective category of non-performing loans as a "forborne non-performing exposure" if the following conditions are simultaneously met:

- the borrower is classified as non-performing (bad loans, unlikely to pay or non-performing past-due/overdue);
- the "forbearance" measure results in at least one of the following situations:
    - modifications of the terms and/or conditions of the original contract, in favour of the borrower, such so as to provide it with sufficient capacity to regularly service the debt;
    - total or partial refinancing of a pre-existing debt.

The classification of "forborne non-performing exposure" is removed when the Customer is reclassified to performing (with the transfer of the line from forborne non-performing to forborne performing) when the following conditions are simultaneously met:

- following the forbearance measure, there is no past-due debt;
- following an adequate and circumstantiated analysis of the borrower's overall financial position, there is a positive assessment concerning the capacity to fully meet the obligation subject to the forbearance measure and the elimination of the conditions for the maintenance of its classification within non-performing loans;
- at least one year has passed ("observation period") since the classification in forborne non-performing loans.

After its reclassification to "performing loans", the forborne line relating to a loan previously classified as forborne non-performing is governed according to what is set forth for forborne performing exposures.
In compliance with instructions in the Bank of Italy Communication of 15 December 2020, with regard to the impact, on the SICR assessment process and
expected loss measurement, of the economic support measures implemented by the Government and by the trade associations, taking into account the instructions provided by the Regulatory and Supervisory
Authorities, please refer to the contents of paragraph 2.3 of this section.

Renegotiations granted in response to the COVID-19 pandemic

Lending activities in 2021 continued to be strongly conditioned by the emergency in Italy arising from the spread of the COVID-19 pandemic. To limit recessionary impacts on the country, the programme of credit concessions continued according to the indications of the regulatory measures as and when issued by the Government to support the economy and based on various trade agreements during the year.

As regards the "forborne" qualification assigned as appropriate to transactions resulting from support measures imposed by the Government and trade associations in relation to the COVID-19 pandemic, the Group aligned with the EBA Guidelines on "General Payment Moratoria" issued and updated during 2020. During 2021, the support measures that were no longer EBA Compliant were analysed in order to assess the attribution of the *forbearance* measure.

BAD LOANS - BREAKDOWN BY EXPOSURE	31/12/2021				31/12/2020			
Exposure	Amount	No. Posit.	% of tot. No.	% of tot. Amt	Amount	No. Posit.	% of tot. No.	% of tot. Amt
up to € 10 thousand	3,278	2,600	59.33%	1.51%	3,620	2,017	51.47%	1.05%
from € 10 to € 50 thousand	23,254	934	21.31%	10.73%	27,255	1,076	27.46%	7.92%
from € 50 to € 250 thousand	76,120	662	15.11%	35.13%	67,770	587	14.98%	19.68%
from € 250 to € 500 thousand	40,917	118	2.69%	18.88%	40,258	116	2.96%	11.69%
from € 500 to € 2,500 thousand	54,923	63	1.44%	25.35%	97,449	101	2.58%	28.31%
more than € 2,500 thousand	18,208	5	0.11%	8.40%	107,928	22	0.56%	31.35%
Total	**216,700**	**4,382**	**100.00%**	**100.00%**	**344,280**	**3,919**	**100.00%**	**100.00%**

BAD LOANS - BREAKDOWN BY AGEING	31/12/2021				31/12/2020			
Exposure	Amount	No. posit.	% of tot. No.	% of tot. Amt	Amount	No. posit.	% of tot. No.	% of tot. Amt
arising in 2021	82,414	999	22.80%	38.03%	157,891	867	22.12%	45.86%
arising in 2020	54,010	801	18.28%	24.92%	44,799	508	12.96%	13.01%
arising in 2019	16,180	537	12.25%	7.47%	22,765	411	10.49%	6.61%
arising in 2018	10,234	325	7.42%	4.72%	6,672	198	5.05%	1.94%
arising in 2017	4,934	176	4.02%	2.28%	44,622	316	8.06%	12.96%
arising in 2016	13,686	271	6.18%	6.32%	14,443	238	6.07%	4.20%
arising in 2015	8,079	173	3,95%	3.73%	17,918	210	5.36%	5.20%
arising in 2014	7,273	159	3.63%	3.36%	12,450	144	3.67%	3.62%
arising in 2013	6,638	117	2.67%	3.06%	6,269	154	3.93%	1.82%
arising in 2012	3,853	126	2.88%	1.78%	5,192	149	3.80%	1.51%
arising until the end of 2011	9,399	698	15.93%	4.34%	11,259	724	18.47%	3.27%
Total	**216,700**	**4,382**	**100.00%**	**100.00%**	**344,280**	**3,919**	**100.00%**	**100.00%**

The tables above do not include interest on arrears considered entirely non-recoverable for € 18.161 thousand.

QUANTITATIVE INFORMATION

A. CREDIT QUALITY

A.1 NON-PERFORMING AND PERFORMING CREDIT EXPOSURES: AMOUNTS, WRITE-DOWNS, CHANGES, DISTRIBUTION BY BUSINESS ACTIVITY

A.1.1 PRUDENTIAL CONSOLIDATION - BREAKDOWN OF FINANCIAL ASSETS BY PAST DUE RANGES (BOOK VALUE)	Stage 1			Stage 2			Stage 3			*purchased or originated credit* impaired		
Portfolios/risk stages	1 to 30 days	Over 30 to 90 days	Over 90 days	1 to 30 days	Over 30 to 90 days	Over 90 days	1 to 30 days	Over 30 to 90 days	Over 90 days	1 to 30 days	Over 30 to 90 days	Over 90 days
1. Financial assets measured at amortised cost	10,720	0	2	16,415	21,840	3,870	11,202	9,267	226,447	72	289	4,882
2. Financial assets measured at fair value through other comprehensive income	0	0	0	6	98	0	2,356	517	2,511	0	0	0
Total 2021	**10,720**	**0**	**2**	**16,421**	**21,938**	**3,870**	**13,558**	**9,784**	**228,958**	**72**	**289**	**4,882**
Total 2020	**30,884**	**0**	**24**	**29,183**	**29,170**	**9,359**	**6,631**	**12,691**	**312,374**	**0**	**0**	**0**

A.1.2 FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES GIVEN: CHANGES IN OVERALL VALUE ADJUSTMENTS AND TOTAL PROVISIONS	Overall value adjustments											
	Assets included in stage 1						Assets included in stage 2					
Reasons/Risk stages	Loans and advances to banks and Central Banks: on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Loans and advances to banks and Central Banks: on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs
Opening balance of overall adjustments	**0**	**18,553**	**573**	**0**	**0**	**19,126**	**0**	**47,302**	**373**	**0**	**0**	**47,675**
Increases from purchased or originated credit impaired financial assets	0	3,407	232	0	0	3,639	0	1,183	0	0	0	1,183
Derecognitions other than write-offs	0	-1,666	-13	0	0	-1,679	0	-896	3	0	0	-893
Net losses/recoveries for credit risk (+/-)	0	-6,818	-123	0	0	-6,941	0	-1,175	-347	0	0	-1,522
Contractual changes without derecognition	0	0	0	0	0	0	0	0	0	0	0	0
Changes in estimation method	0	0	0	0	0	0	0	0	0	0	0	0
Write-offs not directly recorded in the income statement	0	-7	0	0	0	-7	0	-1	0	0	0	-1
Other changes	0	77	0	0	0	77	0	-95	0	0	0	-95
Closing balance of overall adjustments	**0**	**13,546**	**669**	**0**	**0**	**14,215**	**0**	**46,318**	**29**	**0**	**0**	**46,347**
Recoveries from collections of financial assets subject to write-off	0	0	0	0	0	0	0	0	0	0	0	0
Write-offs directly recorded in the income statement	0	151	0	0	0	151	0	57	0	0	0	57

(Continued)

Reasons/Risk stages	Overall value adjustments											Total provisions for commitments to disburse funds and financial guarantees given				Total
	Assets included in stage 3						Purchased or originated credit impaired financial assets									
	Loans and advances to banks and Central Banks: on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and financial guarantees issued - purchased or originated credit	
Opening balance of overall adjustments	**0**	**336,454**	**6,013**	**0**	**342,467**	**0**	**4,064**	**0**	**0**	**3,769**	**295**	**1,283**	**1,112**	**2,939**	**0**	**418,666**
Increases from purchased or originated credit impaired financial assets	0	11,121	0	0	11,121	0	X	X	X	X	X	0	0	0	0	15,943
Derecognitions other than write-offs	0	-13,059	-149	0	-13,208	0	-28	0	0	0	-28	-274	-413	-32	0	-16,527
Net losses/recoveries for credit risk (+/-)	0	-8,219	-291	0	-8,510	0	1,972	0	0	1,834	138	-256	-227	1,038	0	-14,446
Contractual changes without derecognition	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Changes in estimation method	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Write-offs not directly recorded in the income statement	0	-93,093	0	0	-93,093	0	-471	0	0	-35	-436	-1	0	-2	0	-93,575
Other changes	0	-451	0	0	-451	0	547	0	0	96	451	1	0	-1	0	78
Closing balance of overall adjustments	**0**	**232,753**	**5,573**	**0**	**238,326**	**0**	**6,084**	**0**	**0**	**5,664**	**420**	**753**	**472**	**3,942**	**0**	**310,139**
Recoveries from collections of financial assets subject to write-off	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Write-offs directly recorded in the income statement	0	12,253	0	0	12,253	0	0	0	0	0	0	2	0	9	0	12,472

1.1 CREDIT RISK

A.1.3 PRUDENTIAL CONSOLIDATION - FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES GIVEN: TRANSFERS BETWEEN THE DIFFERENT CREDIT RISK STAGES (GROSS AND NOMINAL VALUES)	Gross exposure/nominal value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
Portfolios/risk stages	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets measured at amortised cost	453,218	148,745	74,530	2,851	47,686	6,302
2. Financial assets measured at fair value through other comprehensive income	73	505	225	5	1,988	2,995
3. Financial assets held for sale	0	0	0	0	0	0
4. Commitments to disburse funds and financial guarantees given	113,161	11,947	2,246	186	823	786
Total 2021	**566,452**	**161,197**	**77,001**	**3,042**	**50,497**	**10,083**
Total 2020	**318,246**	**111,091**	**82,094**	**6,272**	**35,548**	**3,719**

A.1.3a PRUDENTIAL CONSOLIDATION - LOANS SUBJECT TO COVID-19 SUPPORT MEASURES: TRANSFERS BETWEEN THE DIFFERENT CREDIT RISK STAGES (GROSS VALUES)	Gross exposure/nominal value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
Portfolios/risk stages	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
A. Loans measured at amortised cost	**196,567**	**15,961**	**12,995**	**84**	**12,154**	**0**
A.1 forborne exposures compliant with the GL	3,241	0	0	0	0	0
A.2 subject to moratorium measures in place no longer compliant with the GL and not assessed as subject to forbearance	14,193	0	1,147	0	547	0
A.3 subject to other forbearance measures	142,112	160	9,700	0	5,164	0
A.4 new loans	37,021	15,801	2,148	84	6,443	0
B. Loans measured at fair value through other comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**
B.1 forborne exposures compliant with the GL	0	0	0	0	0	0
B.2 subject to moratorium measures in place no longer compliant with the GL and not assessed as subject to forbearance						
B.3 subject to other forbearance measures	0	0	0	0	0	0
B.4 new loans	0	0	0	0	0	0
Total 2021	**196,567**	**15,961**	**12,995**	**84**	**12,154**	**0**
Total 2020	**53,893**	**4,019**	**3,692**	**989**	**2,795**	**55**

A.1.4 PRUDENTIAL CONSOLIDATION - BALANCE SHEET AND OFF-BALANCE SHEET CREDIT EXPOSURES TO BANKS: GROSS AND NET AMOUNTS Type of exposure/amounts	Gross exposure					Overall value adjustments and total provisions					Net Exposure	Total partial write-offs*
		Stage 1	Stage 2	Stage 3	*purchased or originated credit impaired*		Stage 1	Stage 2	Stage 3	*purchased or originated credit impaired*		
A. BALANCE SHEET CREDIT EXPOSURES												
A.1 ON DEMAND	**17,431**	**17,431**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**17,431**	**0**
a) Non-performing	0	X	0	0	0	0	X	0	0	0	0	0
b) Performing	17,431	17,431	0	X	0	0	0	0	X	0	17,431	0
A.2 OTHER	**2,985,699**	**2,985,684**	**0**	**1**	**0**	**4**	**4**	**0**	**0**	**0**	**2,985,695**	**0**
a) Bad loans	0	X	0	0	0	0	X	0	0	0	0	0
- of which: forborne exposures	0	X	0	0	0	0	X	0	0	0	0	0
b) Unlikely to pay	1	X	0	1	0	0	X	0	0	0	1	0
- of which: forborne exposures	0	X	0	0	0	0	X	0	0	0	0	0
c) Non-performing past due exposures	0	X	0	0	0	0	X	0	0	0	0	0
- of which: forborne exposures	0	X	0	0	0	0	X	0	0	0	0	0
d) Performing past due exposures	1	0	0	X	0	0	0	0	X	0	1	0
- of which: forborne exposures	0	0	0	X	0	0	0	0	X	0	0	0
e) Other performing exposures	2,985,697	2,985,684	0	X	0	4	4	0	X	0	2,985,693	0
- of which: forborne exposures	0	0	0	X	0	0	0	0	X	0	0	0
TOTAL (A)	**3,003,130**	**3,003,115**	**0**	**1**	**0**	**4**	**4**	**0**	**0**	**0**	**3,003,126**	**0**
B. OFF-BALANCE SHEET CREDIT EXPOSURES												
a) Non-performing	0	X	0	0	0	0	X	0	0	0	0	0
b) Performing	35,588	21,077	0	X	0	0	0	0	X	0	35,588	0
TOTAL (B)	**35,588**	**21,077**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**35,588**	**0**
TOTAL (A+B)	**3,038,718**	**3,024,192**	**0**	**1**	**0**	**4**	**4**	**0**	**0**	**0**	**3,038,714**	**50,742**

** Value to be presented for disclosure purposes*

The balance sheet exposures include loans to banks recorded in items 20 a), 20 c), 30 and 40 a).

The off-balance sheet exposures include all financial transactions other than on a cash basis (financial guarantees, commitments, derivatives) which involve the assumption of credit risk.

A.1.5 BALANCE SHEET AND OFF-BALANCE SHEET CREDIT EXPOSURES TO CUSTOMERS: GROSS AND NET AMOUNTS Type of exposure/Amounts	Gross exposure					Overall value adjustments and total provisions					Net exposure	Total partial write-offs *
		Stage 1	Stage 2	Stage 3	*purchased or originated credit impaired*		Stage 1	Stage 2	Stage 3	*purchased or originated credit impaired*		
A. BALANCE SHEET CREDIT EXPOSURES												
a) Bad loans	216,700	X	0	214,855	1,845	131,329	X	0	130,360	969	85,371	46,283
- of which: forborne exposures	47,505	X	0	46,110	1,395	30,214	X	0	29,338	876	17,291	4,232
b) Unlikely to pay	266,650	X	0	257,838	8,812	109,151	X	0	104,476	4,675	157,499	4,459
- of which: forborne exposures	151,254	X	0	143,779	7,475	61,618	X	0	58,135	3,483	89,636	4,346
c) Non-performing past due exposures	18,020	X	0	17,932	88	3,510	X	0	3,490	20	14,510	0
- of which: forborne exposures	2,383	X	0	2,323	60	381	X	0	367	14	2,002	0
d) Performing past due exposures	56,699	10,772	45,102	X	172	3,011	51	2,872	X	10	53,688	0
- of which: forborne exposures	23,778	0	23,652	X	126	1,720	0	1,710	X	10	22,058	0
e) Other performing exposures	9,801,519	8,896,449	845,575	X	8,604	58,045	14,160	43,475	X	410	9,743,474	0
- of which: forborne exposures	526,576	1,477	522,084	X	3,015	30,162	97	29,917	X	149	496,414	0
TOTAL (A)	**10,359,588**	**8,907,221**	**890,677**	**490,625**	**19,521**	**305,046**	**14,211**	**46,347**	**238,326**	**6,084**	**10,054,542**	**50,742**
B. OFF-BALANCE SHEET CREDIT EXPOSURES												
a) Non-performing	15,858	X	0	15,858	0	3,942	X	0	3,942	0	11,916	0
b) Performing	1,658,272	1,554,602	101,843	X	0	1,225	753	472	X	0	1,657,047	0
TOTAL (B)	**1,674,130**	**1,554,602**	**101,843**	**15,858**	0	**5,167**	**753**	**472**	**3,942**	0	**1,668,963**	0
TOTAL (A+B)	**12,033,718**	**10,461,823**	**992,520**	**506,483**	**19,521**	**310,213**	**14,964**	**46,819**	**242,268**	**6,084**	**11,723,505**	**50,742**

** Value to be presented for disclosure purposes*

The table includes loans already written down in previous years for € 187 thousand.

The balance sheet exposures include loans to customers recorded in items 20 a) and 20 c), 30 and 40 b), as well as other financial assets comprised of non-banking securities included in items 20 c) and 30 of balance sheet assets; excluding equity securities and UCITS units.

The off-balance sheet exposures include all financial transactions other than on a cash basis (financial guarantees, commitments, derivatives).

A.1.5a LOANS SUBJECT TO COVID-19 SUPPORT MEASURES: TRANSFERS BETWEEN THE DIFFERENT CREDIT RISK STAGES (GROSS VALUES)	Gross exposure					Overall value adjustments and total provisions					Net exposure	Total partial write-offs *
Type of exposure/Amounts		Stage 1	Stage 2	Stage 3	*purchased or originated credit impaired*		Stage 1	Stage 2	Stage 3	*purchased or originated credit impaired*		
A. Non-performing loans:	**1,158**	**X**	**0**	**1,158**	**0**	**289**	**X**	**0**	**289**	**0**	**869**	0
a) Forborne exposures compliant with the GL	0	X	0	0	0	0	X	0	0	0	0	0
b) Subject to moratorium measures in place no longer compliant with the GL and not assessed as subject to forbearance	0	X	0	0	0	0	X	0	0	0	0	0
c) Subject to other forbearance measures	0	X	0	0	0	0	X	0	0	0	0	0
d) New loans	1,158	X	0	1,158	0	289	X	0	289	0	869	0
B. Unlikely to Pay Loans:	**29,516**	**X**	**0**	**28,268**	**1,248**	**11,864**	**X**	**0**	**11,516**	**349**	**17,652**	0
a) Forborne exposures compliant with the GL	0	X	0	0	0	0	X	0	0	0	0	0
b) Subject to moratorium measures in place no longer compliant with the GL and not assessed as subject to forbearance	5,612	X	0	5,372	240	2,327	X	0	2,286	42	3,285	0
c) Subject to other forbearance measures	15,269	X	0	15,269	0	5,881	X	0	5,881	0	9,388	0
d) New loans	8,635	X	0	7,627	1,008	3,656	X	0	3,349	307	4,979	0
C. Non-performing past due loans:	**1,331**	**X**	**0**	**1,299**	**33**	**237**	**X**	**0**	**230**	**7**	**1,094**	0
a) Forborne exposures compliant with the GL	0	X	0	0	0	0	X	0	0	0	0	0
b) Subject to moratorium measures in place no longer compliant with the GL and not assessed as subject to forbearance	0	X	0	0	0	0	X	0	0	0	0	0
c) Subject to other forbearance measures	593	X	0	593	0	83	X	0	83	0	510	0
d) New loans	738	X	0	706	33	154	X	0	147	7	584	0
D. Other performing past due loans:	**17,431**	**3,146**	**14,192**	**X**	**94**	**803**	**9**	**793**	**X**	**1**	**16,628**	0
a) Forborne exposures compliant with the GL	0	0	0	X	0	0	0	0	X	0	0	0
b) Subject to moratorium measures in place no longer compliant with the GL and not assessed as subject to forbearance	6,308	0	6,308	X	0	446	0	446	X	0	5,862	0
c) Subject to other forbearance measures	4,640	0	4,640	X	0	317	0	317	X	0	4,323	0
d) New loans	6,483	3,146	3,244	X	94	40	9	30	X	1	6,443	0
E. Other performing loans:	**1,340,348**	**990,298**	**349,240**	**X**	**808**	**18,227**	**919**	**17,283**	**X**	**24**	**1,322,121**	0
a) Forborne exposures compliant with the GL	4,067	554	3,513	X	0	365	3	362	X	0	3,702	0
b) Subject to moratorium measures in place no longer compliant with the GL and not assessed as subject to forbearance	103,251	61,536	41,551	X	164	3,199	178	3,009	X	12	100,052	0
c) Subject to other forbearance measures	252,871	566	252,152	X	153	13,494	36	13,449	X	9	239,377	0
d) New loans	980,159	927,642	52,024	X	491	1,169	702	463	X	3	978,990	0
TOTAL (A+B+C+D+E)	**1,389,784**	**993,444**	**363,432**	**30,725**	**2,183**	**31,420**	**928**	**18,076**	**12,035**	**381**	**1,358,364**	**0**

A.1.6 PRUDENTIAL CONSOLIDATION - BALANCE SHEET CREDIT EXPOSURES TO BANKS: CHANGES IN GROSS NON-PERFORMING LOANS Source/Categories	Bad loans	Unlikely to pay	Non-performing past due exposures
A. Gross exposure, opening balance	**0**	**0**	**0**
- of which: transferred but not derecognised	0	0	0
B. Increases	**0**	**1**	**0**
B.1 transfers from performing loans	0	0	0
B.2 transfers from purchased or originated credit impaired financial assets	0	0	0
B.3 transfers from other categories of non-performing exposures	0	0	0
B.4 contractual changes without derecognition	0	0	0
B.5 other increases	0	1	0
C. Decreases	**0**	**0**	**0**
C.1 transfers to performing loans	0	0	0
C.2 write-offs	0	0	0
C.3 collections	0	0	0
C.4 amount realised upon disposal of positions	0	0	0
C.5 losses on disposal	0	0	0
C.6 transfers to other categories of non-performing exposures	0	0	0
C.7 Contractual changes without derecognition	0	0	0
C.8 other decreases	0		0
D. Gross exposure, closing balance	**0**	**1**	**0**
- of which: transferred but not derecognised	0	0	0

A.1.7 PRUDENTIAL CONSOLIDATION - BALANCE SHEET CREDIT EXPOSURES TO CUSTOMERS: CHANGES IN GROSS NON-PERFORMING LOANS Source/Categories	Bad loans	Unlikely to pay	Non-performing past due exposures
A. Gross exposure, opening balance	**344,280**	**312,967**	**20,685**
- of which: transferred but not derecognised	36,209	32,699	11,483
B. Increases	**153,900**	**169,617**	**61,995**
B.1 transfers from performing loans	1,654	105,199	47,776
B.2 transfers from purchased or originated credit impaired financial assets	28	3,518	962
B.3 transfers from other categories of non-performing exposures	145,850	42,194	1,998
B.4 contractual changes without derecognition	0	0	0
B.5 other increases	6,368	18,706	11,259
C. Decreases	**281,480**	**215,934**	**64,660**
C.1 transfers to performing loans	2,601	10,249	13,905
C.2 write-offs	201,123		
C.3 collections	77,122	57,704	8,711
C.4 amount realised upon disposal of positions	0	0	0
C.5 losses on disposal	0	0	0
C.6 transfers to other categories of non-performing exposures	415	147,699	41,927
C.7 Contractual changes without derecognition	0	0	0
C.8 other decreases	219	282	117
D. Gross exposure, closing balance	**216,700**	**266,650**	**18,020**
- of which: transferred but not derecognised	30,578	25,895	5,399

A.1.7 bis PRUDENTIAL CONSOLIDATION - BALANCE SHEET CREDIT EXPOSURES TO CUSTOMERS: CHANGES IN GROSS FORBORNE EXPOSURES BY CREDIT QUALITY Type/Quality	Forborne: non-performing	Forborne: performing
A. Gross exposure, opening balance	**226,791**	**297,075**
- of which: transferred but not derecognised	13,624	80,283
B. Increases	**82,485**	**439,152**
B.1 transfers from performing loans not forborne	2,052	392,198
B.2 transfers from performing loans forborne	69,396	X
B.3 transfers from non-performing loans forborne	X	6,247
B.4 transfers from non-performing loans not forborne	6,842	21
B.5 other increases	4,195	40,686
C. Decreases	**108,134**	**185,873**
C.1 transfers to performing loans not forborne	X	52,004
C.2 transfers to performing loans forborne	6,247	X
C.3 transfers to non-performing loans forborne	X	69,396
C.4 write-offs	15,990	0
C.5 collections	85,897	64,473
C.6 amount realised upon disposal of positions	0	0
C.7 losses on disposal	0	0
C.8 other decreases	0	0
D. Gross exposure, closing balance	**201,142**	**550,354**
- of which: transferred but not derecognised	16,043	241,046

A.1.9 PRUDENTIAL CONSOLIDATION - BALANCE SHEET NON-PERFORMING CREDIT EXPOSURES TO CUSTOMERS: CHANGES IN OVERALL VALUE ADJUSTMENTS Source/Categories	Bad loans		Unlikely to pay		Non-performing past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening balance of overall adjustments	**231,944**	**38,649**	**110,387**	**53,020**	**3,905**	**1,092**
- of which: transferred but not derecognised	14,782	1,044	5,423	1,768	666	108
B. Increases	**123,340**	**16,226**	**72,622**	**24,104**	**3,445**	**556**
B.1 value adjustments purchased or originated credit impaired assets	240	X	3,622	X	19	X
B.2 other value adjustments	54,166	6,225	66,743	23,873	3,231	556
B.3 Losses on disposal	13,004	47	0	0	0	0
B.4 transfers from other categories of non-performing exposures	55,930	9,953	2,174	231	153	0
B.5 contractual changes without derecognition	0	0	0	0	0	0
B.6 other increases	0	1	83	0	42	0
C. Decreases	**223,955**	**24,661**	**73,858**	**15,506**	**3,840**	**1,267**
C.1 write-backs from valuation	9,814	747	5,917	2,522	711	177
C.2 write-backs from collection	12,812	7,924	6,258	3,176	951	714
C.3 gains on disposal	0	0	0	0	0	0
C.4 write-offs	201,123	15,990	0	0	0	0
C.6 transfers to other categories of non-performing exposures	206	0	55,893	9,808	2,161	376
C.6 contractual changes without derecognition	0	0	0	0	0	0
C.7 other decreases	0	0	5,790	0	17	0
D. Closing balance of overall adjustments	**131,329**	**30,214**	**109,151**	**61,618**	**3,510**	**381**
- of which: transferred but not derecognised	11,726	1075	5,139	2,764	697	74

A.2 CLASSIFICATION OF EXPOSURES BY EXTERNAL AND INTERNAL RATINGS

A.2.1 PRUDENTIAL CONSOLIDATION - BREAKDOWN OF FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES GIVEN BY EXTERNAL RATING CLASS (GROSS VALUES)	External rating classes						No rating	Total
Exposures	class 1	class 2	class 3	class 4	class 5	class 6		
A. Financial assets measured at amortised cost								
- Stage 1	**5,674**	**556**	**1,324,490**	**100,065**	**0**	**0**	**10,465,840**	**11,916,146**
- Stage 2	5,674	556	1,324,490	100,065	0	0	9,095,627	10,526,412
- Stage 3	0	0	0	0	0	0	890,544	890,544
-purchased or originated credit impaired	0	0	0	0	0	0	479,669	479,669
B. Financial assets measured at fair value through other comprehensive income							19,521	19,521
- Stage 1	**204**	**116**	**1,286,647**	**0**	**0**	**0**	**90,616**	**1,377,583**
- Stage 2	204	116	1,286,647	0	0	0	79,526	1,366,493
- Stage 3	0	0	0	0	0	0	133	133
- purchased or originated credit impaired	0	0	0	0	0	0	10,957	10,957
C. Financial assets held for sale							0	0
- Stage 1	**0**	**0**	**0**	**0**	**0**	**0**	**67,449**	**67,449**
- Stage 2	0	0	0	0	0	0	54,688	54,688
- Stage 3	0	0	0	0	0	0	12,761	12,761
- purchased or originated credit impaired	0	0	0	0	0	0	0	0
Total (A+B+C)	0	0	0	0	0	0	0	0
of which: purchased or originated credit impaired financial assets	**5,878**	**672**	**2,611,137**	**100,065**	**0**	**0**	**10,623,905**	**13,361,178**
D. Commitments to disburse funds and financial guarantees given								
- Stage 1	511	664	37	0	0	0	1,468,881	1,470,093
- Stage 2	0	0	0	0	0	0	98,765	98,765
- Stage 3	0	0	0	0	0	0	11,367	11,367
- purchased or originated credit impaired							0	0
Total (D)	**511**	**664**	**37**	**0**	**0**	**0**	**1,579,013**	**1,580,225**
Total (A+B+C+D)	**6,389**	**1,336**	**2,611,174**	**100,065**	**0**	**0**	**12,202,918**	**14,941,403**

Credit rating class	ECAI
	Moody's
1	from Aaa to Aa3
2	from A1 to A3
3	from Baa1 to Baa3
4	from Ba1 to Ba3
5	from B1 to B3
6	Caa1 and lower

1.1 CREDIT RISK

A.2.2 PRUDENTIAL CONSOLIDATION - BREAKDOWN OF FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES GIVEN BY INTERNAL RATING CLASS (GROSS VALUES)	Internal rating classes					
Exposures	class 1	class 2	class 3	class 4	class 5	class 6
A. Financial assets measured at amortised cost						
- Stage 1	619,998	705,522	917,032	1,042,264	1,089,587	3,656,439
- Stage 2	923	3,550	11,062	10,200	20,097	119,308
- Stage 3	0	0	0	0	0	0
- purchased or originated credit impaired	0	47	264	167	599	939
B. Financial assets measured at fair value through other comprehensive income						
- Stage 1	0	0	0	0	0	0
- Stage 2	0	0	0	0	0	0
- Stage 3	0	0	0	0	0	0
- purchased or originated credit impaired	0	0	0	0	0	0
C. Financial assets held for sale						
- Stage 1	5,403	3,578	5,511	6,403	9,198	4,436
- Stage 2	0	0	109	0	242	57
- Stage 3	0	0	0	0	0	0
- purchased or originated credit impaired						
Total (A+B+C)	**626,324**	**712,697**	**933,978**	**1,059,034**	**1,119,723**	**3,781,179**
D. Commitments to disburse funds and financial guarantees given						
- Stage 1	506,928	250,537	192,475	250,159	108,272	77,192
- Stage 2	173	961	41,276	20,741	9,242	3,626
- Stage 3	0	0	0	0	0	0
- purchased or originated credit impaired	0	0	0	0	0	0
Total (D)	**507,101**	**251,498**	**233,751**	**270,900**	**117,514**	**80,818**
Total (A+B+C+D)	**1,133,425**	**964,195**	**1,167,729**	**1,329,934**	**1,237,237**	**3,861,997**

(Continued)

1.1 CREDIT RISK

Internal rating classes						Total
class 7	class 8	class 9	class 10	class 11	no rating	
214,577	74,012	19,713	6,179	0	2,181,089	10,526,412
233,721	203,424	192,336	94,196	0	1,727	890,544
0	0	0	0	471,315	8,354	479,669
4,291	1,396	848	226	10,744	0	19,521
0	0	0	0	0	1,366,493	1,366,493
0	0	0	0	0	133	133
0	0	0	0	0	10,957	10,957
575	566	111	0	0	18,907	54,688
9,034	2,374	939	0	0	6	12,761
0	0	0	0	0	0	0
0	0	0	0	0	0	0
462,198	**281,772**	**213,947**	**100,601**	**482,059**	**3,587,666**	**13,361,178**
41,692	13,178	2,869	554	0	26,237	1,470,093
4,575	6,569	7,308	2,222	0	2,072	98,765
0	0	0	0	10,785	582	11,367
0	0	0	0	0	0	0
46,267	**19,747**	**10,177**	**2,776**	**10,785**	**28,891**	**1,580,225**
508,465	**301,519**	**224,124**	**103,377**	**492,844**	**3,616,557**	**14,941,403**

Internal ratings are not used in the capital requirements calculation.

A.3 BREAKDOWN OF SECURED EXPOSURES BY TYPE OF COLLATERAL

A.3.2 PRUDENTIAL CONSOLIDATION - SECURED BALANCE SHEET AND OFF-BALANCE SHEET CREDIT EXPOSURES TO CUSTOMERS	Gross exposure	Net exposure	Collateral (1)				Personal guarantees (2)	
							Credit derivatives	
								Other derivatives
			Property - mortgages	Property - Lease loans	Securities	Other collateral	CLN	Central Counterparties
1. Secured balance sheet credit exposures:	6,719,258	6,449,599	3,679,164	0	101,789	45,326	0	0
1.1 totally secured	5,717,052	5,513,892	3,622,247	0	83,462	40,584	0	0
- of which non-performing	359,747	208,599	172,805	0	996	611	0	0
1.2 partially secured	1,002,206	935,707	56,917	0	18,327	4,742	0	0
- of which non-performing	97,608	35,245	22,664	0	778	344	0	0
2. Secured off-balance sheet credit exposures:	643,796	640,685	8,005	0	18,175	17,898	0	0
2.1 totally secured	468,288	465,559	7,934	0	12,151	15,774	0	0
- of which non-performing	10,619	8,460	11	0	28	891	0	0
2.2 partially secured	175,508	175,126	71	0	6,024	2,124	0	0
- of which non-performing	1,161	1,012	0	0	272	0	0	0

(Continued)

	Personal guarantees (2)							Total (1)+(2)
	Credit derivatives			Signature loans				
	Other derivatives							
	Banks	Other financial companies	Other entities	Public administration	Banks	Other financial companies	Other entities	
1. Secured balance sheet credit exposures:	0	359,659	0	1,147,701	64	272,640	691,824	**6,298,167**
1.1 totally secured	0	359,659	0	677,231	0	270,582	427,460	5,481,225
- of which non-performing	0	10,239	0	6,590	0	8,176	9,157	208,574
1.2 partially secured	0	0	0	470,470	64	2,058	264,364	816,942
- of which non-performing	0	0	0	1,784	0	492	5,929	31,991
2. Secured off-balance sheet credit exposures:	0	0	0	127,259	0	9,785	424,830	**605,952**
2.1 totally secured	0	0	0	77,380	0	9,572	342,596	465,407
- of which non-performing	0	0	0	58	0	303	7,047	8,338
2.2 partially secured	0	0	0	49,879	0	213	82,234	140,545
- of which non-performing	0	0	0	38	0	0	697	1,007

B. DISTRIBUTION AND CONCENTRATION OF CREDIT EXPOSURES

B.1 PRUDENTIAL CONSOLIDATION - BREAKDOWN OF BALANCE SHEET AND OFF-BALANCE SHEET CREDIT EXPOSURES TO CUSTOMERS BY BUSINESS SEGMENT Exposures/Counterparties	Public administration		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Balance sheet credit exposures						
A.1 Bad loans	235	283	92	724	0	0
- of which: forborne exposures	0	0	0	0	0	0
A.2 Unlikely to pay	96	52	30	17	0	9
- of which: forborne exposures	0	0	28	7	0	0
A.3 Non-performing past due exposures	1,153	853	1	0	0	0
- of which: forborne exposures	0	0	0	0	0	0
A.4 Performing exposures	2,783,373	1,834	257,735	1,598	5,969	92
- of which: forborne exposures	0	0	354	43	0	0
Total (A)	**2,784,857**	**3,022**	**257,858**	**2,339**	**5,969**	**101**
B. Off-balance sheet credit exposures						
B.1 Non-performing exposures	0	0	0	0	0	0
B.2 Performing exposures	194,039	7	43,235	113	0	0
Total (B)	**194,039**	**7**	**43,235**	**113**	**0**	**0**
Total (A+B) 2021	**2,978,896**	**3,029**	**301,093**	**2,452**	**5,969**	**101**
Total (A+B) 2020	**3,770,407**	**2,685**	**296,971**	**2,575**	**4,734**	**102**

(Continued)

Exposures/Counterparties	Non-financial companies		Households	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Balance sheet credit exposures				
A.1 Bad loans	36,969	70,291	48,075	60,031
- of which: forborne exposures	7,275	17,727	10,016	12,487
A.2 Unlikely to pay	101,055	86,108	56,318	22,974
- of which: forborne exposures	68,313	51,935	21,295	9,676
A.3 Non-performing past due exposures	1,389	510	11,967	2,147
- of which: forborne exposures	161	24	1,841	357
A.4 Performing exposures	2,614,205	31,007	4,141,849	26,617
- of which: forborne exposures	329,058	20,196	189,060	11,643
Total (A)	**2,753,618**	**187,916**	**4,258,209**	**111,769**
B. Off-balance sheet credit exposures				
B.1 Non-performing exposures	10,740	3,734	1,176	208
B.2 Performing exposures	1,179,934	804	239,839	301
Total (B)	**1,190,674**	**4,538**	**241,015**	**509**
Total (A+B) 2021	**3,944,292**	**192,454**	**4,499,224**	**112,278**
Total (A+B) 2020	**4,184,319**	**281,041**	**4,197,257**	**132,383**

1.1 CREDIT RISK

B.2 PRUDENTIAL CONSOLIDATION - BREAKDOWN OF BALANCE SHEET AND OFF-BALANCE SHEET EXPOSURES TO CUSTOMERS BY GEOGRAPHIC AREA	Italy		Other European countries		America		Asia		Rest of the world	
Exposures/Geographic areas	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Balance sheet credit exposures										
A.1 Bad loans	84,732	130,292	639	1,037	0	0	0	0	0	0
A.2 Unlikely to pay	157,305	109,112	24	12	0	0	170	27	0	0
A.3 Non-performing past due exposures	14,507	3,509	3	1	0	0	0	0	0	0
A.4 Performing exposures	9,466,362	60,952	330,215	104	130	0	3	0	452	0
Total (A)	**9,722,906**	**303,865**	**330,881**	**1,154**	**130**	**0**	**173**	**27**	**452**	**0**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	11,916	3,942	0	0	0	0	0	0	0	0
B.2 Performing exposures	1,654,947	1,225	983	0	1,008	0	103	0	6	0
Total (B)	**1,666,863**	**5,167**	**983**	**0**	**1,008**	**0**	**103**	**0**	**6**	**0**
Total (A+B) 2021	**11,389,769**	**309,032**	**331,864**	**1,154**	**1,138**	**0**	**276**	**27**	**458**	**0**
Total (A+B) 2020	**12,026,294**	**416,891**	**421,029**	**1,787**	**1,044**	**0**	**311**	**6**	**276**	**0**

B.2 PRUDENTIAL CONSOLIDATION - BREAKDOWN OF BALANCE SHEET AND OFF-BALANCE SHEET EXPOSURES TO CUSTOMERS BY GEOGRAPHIC AREA	North West Italy		North East Italy		Central Italy		South Italy and Islands	
Exposures/Geographic areas	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Balance sheet credit exposures								
A.1 Bad loans	79,703	123,035	1,040	2,218	1,966	2,292	2,023	2,747
A.2 Unlikely to pay	148,048	105,583	3,309	890	2,066	534	3,882	2,105
A.3 Non-performing past due exposures	10,586	2,540	774	98	697	120	2,450	751
A.4 Performing exposures	6,246,626	56,156	230,402	955	2,752,422	2,922	236,912	919
Total (A)	**6,484,963**	**287,314**	**235,525**	**4,161**	**2,757,151**	**5,868**	**245,267**	**6,522**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	11,097	3,715	262	18	254	111	303	98
B.2 Performing exposures	1,581,880	1,070	31,292	86	34,634	61	7,141	8
Total (B)	**1,592,977**	**4,785**	**31,554**	**104**	**34,888**	**172**	**7,444**	**106**
Total (A+B) 2021	**8,077,940**	**292,099**	**267,079**	**4,265**	**2,792,039**	**6,040**	**252,711**	**6,628**
Total (A+B) 2020	**8,155,321**	**397,761**	**225,597**	**4,585**	**3,440,846**	**8,199**	**204,530**	**6,346**

1.1 CREDIT RISK

B.3 PRUDENTIAL CONSOLIDATION - BREAKDOWN OF BALANCE SHEET AND OFF-BALANCE SHEET CREDIT EXPOSURES TO BANKS BY GEOGRAPHIC AREA Exposures/Geographic areas	Italy		Other European countries		America		Asia		Rest of the world	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Balance sheet credit exposures										
A.1 Bad loans	0	0	0	0	0	0	0	0	0	0
A.2 Unlikely to pay	1	0	0	0	0	0	0	0	0	0
A.3 Non-performing past due exposures	0	0	0	0	0	0	0	0	0	0
A.4 Performing exposures	2,973,393	4	27,056		2,307		63		306	0
Total (A)	**2,973,394**	**4**	**27,056**	**0**	**2,307**	**0**	**63**	**0**	**306**	**0**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	0	0	0	0	0	0	0	0	0	0
B.2 Performing exposures	27,773	0	7,815	0	0	0	0	0	0	0
Total (B)	**27,773**	**0**	**7,815**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total (A+B) 2021	**3,001,167**	**4**	**34,871**	**0**	**2,307**	**0**	**63**	**0**	**306**	**0**
Total (A+B) 2020	**1,881,596**	**4**	**109,605**	**0**	**0**	**0**	**1**	**0**	**0**	**0**

B.3 PRUDENTIAL CONSOLIDATION - BREAKDOWN OF BALANCE SHEET AND OFF-BALANCE SHEET CREDIT EXPOSURES TO BANKS BY GEOGRAPHIC AREA Exposures/Geographic areas	North West Italy		North East Italy		Central Italy		South Italy and Islands	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Balance sheet credit exposures								
A.1 Bad loans	0	0	0	0	0	0	0	0
A.2 Unlikely to pay	0	0	0	0	0	0	1	0
A.3 Non-performing past due exposures	0	0	0	0	0	0	0	0
A.4 Performing exposures	22,780	2	14	0	2,950,599	2	0	0
Total (A)	**22,780**	**2**	**14**	**0**	**2,950,599**	**2**	**1**	**0**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	0	0	0	0	0	0	0	0
B.2 Performing exposures	27,772	0	0	0	1	0	0	0
Total (B)	**27,772**	**0**	**0**	**0**	**1**	**0**	**0**	**0**
Total (A+B) 2021	**50,552**	**2**	**14**	**0**	**2,950,600**	**2**	**1**	**0**
Total (A+B) 2020	**31,513**	**1**	**4**	**1**	**1,850,045**	**1**	**34**	**1**

B.4 LARGE EXPOSURES	2021 - Cassa di Risparmio di Asti S.p.A. Group Consolidation
Number of positions	7
Amount (nominal value)	7,733,092
Amount (weighted value)	733,370

The large risks reported to the Bank of Italy consist of:

- exposures to the Italian State relating to the nominal value of € 2,985,184 thousand in securities held in the portfolio and DTA, with an overall weighting of € 186,155 thousand;
- exposures to credit institutions, financial institutions and SGRs (asset management companies) for a nominal amount of € 1,262,763 thousand, with an overall weighting of € 151,643 thousand;
- exposure to other state administrations for a nominal amount of € 320,687 thousand and with a weighting of € 170,572 thousand;
- exposure to the Bank of Italy for a nominal amount of € 3,164,459 thousand and with an overall weighting of € 225,000 thousand.

C. SECURITISATION TRANSACTIONS

QUALITATIVE AND QUANTITATIVE INFORMATION

The merger by incorporation of the company Biverbanca S.p.A. into Cassa di Risparmio di Asti S.p.A. took effect from 6 November 2021, effective for accounting and tax purposes from 1 January 2021. Prior to that date, Cassa di Risparmio di Asti S.p.A. together with Biverbanca S.p.A. carried out three *multi-originator* securitisation transactions, still in existence today; for this reason, in order to give a true and fair view of the situation, in the following paragraphs the subdivision between the companies Biverbanca S.p.A. and Cassa di Risparmio di Asti S.p.A. will be maintained, limited to the three securitisation transactions carried out prior to the merger.

Cassa di Risparmio di Asti S.p.A. (originator) has carried out seven securitisation transactions on its own behalf: the first three were carried out with the same special purpose vehicle named Asti Finance S.r.l., with registered office in Rome, Via Curtatone no. 3, registered in the Rome Register of Companies no. 08569601001, registered in the List of special purpose securitisation vehicles established at the Bank of Italy pursuant to art. 4 of the Measure issued on 29/04/2011 at no. 33061.3, established pursuant to Italian Law 130/99; two of these transactions were closed early on 27 September 2017 and 27 May 2021, respectively. The fourth transaction (also closed early in April 2014) was carried out with the special purpose vehicle Asti P.M.I. S.r.l., with registered office in Rome, Via Curtatone no. 3, registered in the Rome Register of Companies no. 11663011002, registered in the List of special purpose vehicles established pursuant to art. 4 of the Measure issued by the Bank of Italy on 29/04/2011 at no. 35012.4; the fifth transaction was with the special purpose vehicle Asti RMBS S.r.l., with registered office in Rome, Via Curtatone no. 3, registered in the Rome Register of Companies no. 12063261007, registered in the List of special purpose securitisation vehicles established pursuant to art. 4 of the Measure issued by the Bank of Italy on 29/04/2011 at no. 35045.4; the sixth transaction (closed early in October 2016) was with the special purpose vehicle Asti PM.I. S.r.l., with registered office in Rome, Via Curtatone no. 3, registered in the Rome Register of Companies no. 11663011002, registered in the List of special purpose securitisation vehicles established pursuant to art. 4 of the Measure issued by the Bank of Italy on 29/04/2011 at no. 35012.4. Lastly, the seventh transaction (tenth securitisation) was carried out in December 2021, with the special purposes vehicle named Asti Group RMBS III S.r.l., with registered office in Rome, Via Curtatone no. 3, registered in the Rome Register of Companies no. 16326891005, registered in the List of special purpose securitisation vehicles established pursuant to art. 4 of the Measure issued by the Bank of Italy on 29/04/2011 at no. 35845.7 (hereinafter, all referred to as "SPV").

Along with Biverbanca S.p.A., Cassa di Risparmio di Asti S.p.A. also performed three multi-originator securitisation transactions: the first in 2015 (seventh transaction), with the special purpose vehicle named Asti Group RMBS S.r.l., with registered office in Rome, Via Curtatone no. 3, registered in the Rome Register of Companies no. 1337083003 and registered in the List of special purpose securitisation vehicles established at the Bank of Italy pursuant to art. 4 of the Measure issued on 29/04/2011 at no. 35187.4. The second multi-originator securitisation transaction (eighth transaction) was concluded in March 2017, with the special purpose vehicle named Asti Group PMI S.r.l., with registered office in Rome, Via Curtatone no. 3, registered in the Rome Register of Companies no. 14109461005 and registered in the List of special purpose securitisation vehicles established at the Bank of Italy pursuant to art. 4 of the Measure issued on 29/04/2011 at no. 335330.0. The third multi-originator securitisation transaction (ninth transaction) was concluded in June 2019, with the special purpose vehicle named Asti Group RMBS II S.r.l., with registered office in Rome, Via Curtatone no. 3, registered in the Rome Register of Companies no. 152897710 and registered in the List of special purpose securitisation vehicles established at the Bank of Italy pursuant to art. 4 of the Measure issued on 29/04/2011 at no. 35584.2. The eighth and tenth transactions (self-securitisations), for which the Bank subscribed all liabilities issued at the time of issue, are not described in this part. For a description of those transactions, please refer to section 4 - "Liquidity risk".

For all securitisations, specific servicing agreements have been entered into between Cassa di Risparmio di Asti S.p.A. and the SPVs, in which the Bank (servicer) was engaged to perform, in the name and on behalf of the SPVs, the activity of administration and collection of loans transferred, as well as manage any debt collection procedures.

As the results/benefits of the above-mentioned securitisation transactions were not fully transferred to the loan transferee (SPV), the Bank, in compliance with IAS 9, has recognised amongst its assets 100% of the securitised loans, likewise recording a financial liability for the consideration, when received, net of notes repurchased as well as cash reserves. Income from the transferred assets and the expenses of the financial liability net of interest relating to repurchased notes are recognised in the income statement. Therefore, as concerns the monitoring and assessment of the risks connected to securitisations, please refer to the analyses performed in Part E of the Notes to the consolidated financial statements relating to Credit Risk. For the purposes of the application of the accounting standards endorsed with Regulation no. 1254 by the European Commission, IFRS 10, IFRS 11 and IFRS 12 and the

amendments to IAS 27 and IAS 28, applicable on a compulsory basis as of 1 January 2014, the SPVs were included in the scope of line-by-line consolidation of the Group starting from the year 2014.
From the organisational perspective, the Credit Department is responsible for managing administrative/accounting activities relating to securitisation transactions and the periodic production of all reporting required by the servicing agreements.

The servicing activities are subject to controls by the Internal Audit Function - Bank Internal Auditing Office, the results of which are submitted to the Board of Directors which reviews them during special meetings with the participation of the Board of Statutory Auditors.

During the course of 2018, Cassa di Risparmio di Asti S.p.A. finalised along with Biverbanca S.p.A., pursuant to art. 58 of Italian Legislative Decree 385/1993 and arts. 1 and 4 of Italian Law 130/1999 on securitisation, a non-recourse transfer of a portfolio of bad loans to the special purpose vehicle Maggese S.r.l., with registered office in Rome, Via Curtatone no. 3, registered in the list of special purpose vehicles managed by the Bank of Italy pursuant to Measure of the Governor of the Bank of Italy of 07/06/2017, at no. 35475.3.

During the course of 2019, Cassa di Risparmio di Asti S.p.A. then finalised along with Biverbanca S.p.A., pursuant to art. 58 of Italian Legislative Decree 385/1993 and arts. 1 and 4 of Italian Law 130/1999 on securitisation, a non-recourse transfer of a portfolio of bad loans to the special purpose vehicle POP NPLs 2019 S.r.l., with registered office in Conegliano (TV), Via Vittorio Alfieri no. 1, registered in the list of special purpose vehicles managed by the Bank of Italy pursuant to Measure of the Governor of the Bank of Italy of 7 June 2017, in force as of 30 June 2017, at no. 35670.9.

During the course of 2020, Cassa di Risparmio di Asti S.p.A. also finalised along with Biverbanca S.p.A., pursuant to art. 58 of Italian Legislative Decree 385/1993 and arts. 1 and 4 of Italian Law 130/1999 on securitisation, a non-recourse transfer of a portfolio of bad loans to the special purpose vehicle POP NPLs 2020 S.r.l., with registered office in Rome, Via Piemonte no. 38, registered in the list of special purpose vehicles managed by the Bank of Italy pursuant to Measure of the Governor of the Bank of Italy of 7 June 2017, in force as of 30 June 2017, at no. 35758.2.

During the course of 2021, Cassa di Risparmio di Asti S.p.A., pursuant to art. 58 of Italian Legislative Decree 385/1993 and arts. 1 and 4 of Italian Law 130/1999 on securitisation, completed a non-recourse transfer of a portfolio of bad loans to the special purpose vehicle BCC NPLs 2021 S.r.l., with registered office in Conegliano (TV), Via Vittorio Alfieri no. 1, 31015, registered in the List of special purpose vehicles managed by the Bank of Italy pursuant to Measure of the Governor of the Bank of Italy of 7 June 2017, in force as of 30 June 2017, at no. 35852.3.

The company Pitagora Finanziamenti Contro Cessione del Quinto S.p.A. has carried out seven securitisation transactions on salary and pension assignment loans.

The first transaction was concluded with the special purpose vehicle Madeleine SPV S.r.l., with registered office in Conegliano Veneto (TV), via Vittorio Alfieri 1, registered in the Treviso-Belluno Register of Companies at no. 04559650264, registered in the list of special purpose securitisation vehicles established at the Bank of Italy at no. 35070.2.
The second transaction (closed in February 2017) was concluded with the special purpose vehicle Frida SPV S.r.l. with registered office in Milan, via Fara Gustavo no. 26, registered in the Milan Register of Companies at no. 08566680966, registered in the list of special purpose securitisation vehicles established at the Bank of Italy at no. 35147.8.

The third transaction (closed in November 2019) was concluded with the special purpose vehicle Annette S.r.l., with registered office in Milan, via A. Pestalozza 12/14, registered in the Milan Register of Companies at no. 09262480966, registered in the list of special purpose vehicles established at the Bank of Italy at no. 35232.8.
The fourth transaction was concluded with the special purpose vehicle Lake Securitisation S.r.l., with registered office in Conegliano Veneto (TV), via Vittorio Alfieri 1, registered in the Treviso-Belluno Register of Companies at no. 04830970267, registered in the list of securitisation vehicles established at the Bank of Italy at no. 35297.1, which was later taken over by Dyret SPV S.r.l., with registered office in Milan, via Fara Gustavo no. 26, registered in the Milan Register of Companies at no. 08575290963 and registered in the list of securitisation vehicles established at the Bank of Italy no. 35125.4.
The fifth transaction was concluded with the special purpose vehicle Manu SPV S.r.l., with registered office in Conegliano Veneto (TV), via Vittorio Alfieri 1, 31015, registered in the Treviso-Belluno Register of Companies at no. 04909010268, registered in the list of special purpose vehicles established at the Bank of Italy at no. 35438.1.
The sixth transaction (closed in October 2019) was concluded with the special purpose vehicle Geordie SPV S.r.l., with registered office in Conegliano Veneto (TV), via Vittorio Alfieri 1, 31015, registered in the Treviso-Belluno Register of Companies at no. 04956000261, registered in the list of special purpose vehicles established at the Bank of Italy at no. 35476.1.
The seventh transaction was concluded with the special purpose vehicle Petilia Finance S.r.l., with registered office in Milan (MI), via Vittoria Betteloni 2, 20131, registered in the Milan Monza Brianza Lodi Register of Companies at no. 11024420967, registered in the list of special purpose vehicles established at the Bank of Italy at no. 35671.7.

As part of the transactions described above, the Company performs servicing activities on the loans transferred to the SPVs and sub-servicers for the Dyret SPV S.r.l. transaction, collecting on their behalf the loan repayment instalments, managing past-due recovery activities and requests for compensation from Insurance Companies following loss events. The collections received on the transferred loans are transferred daily to the SPVs, in their respective current accounts.

Details are provided below of transactions performed by the Group, except the first, second and fourth transactions referring to the Parent Company, as these closed in 2017, in 2021 and 2014, respectively, and the second, third and sixth transactions referring to the subsidiary Pitagora S.p.A., which closed in 2017 and 2019, respectively.

INFORMATION RELATING TO THE THIRD SECURITISATION TRANSACTION

On 16 November 2010, Cassa di Risparmio di Asti S.p.A. carried out the third securitisation transaction through the non-recourse transfer to the SPV Asti Finance S.r.l. of real estate mortgages and residential mortgages for a total of € 473,449 thousand, all belonging to the "performing" category.

The loans were transferred at their carrying amount. Also in this third transaction, the SPV appointed Cassa di Risparmio di Asti S.p.A. to act as servicer. Against the mortgages transferred, notes were issued for € 473,400 thousand, originally entirely repurchased by Cassa di Risparmio di Asti S.p.A. The amount was settled on 17/11/2010 through offsetting with the transferred loans.

On the notes issued by the SPV, the established repayment plan has been determined on the basis of the amortisation of the transferred loans and the conditions set forth in the Offering Circular.

The general aim of the securitisation transactions is to diversify the sources of funds and/or funding pools.

The third securitisation was originally a "self-securitisation": the relative senior notes issued and not transferred to institutional investors but directly repurchased by the Bank, were used as collateral in financing transactions with the European Central Bank, providing the Bank with a liquidity reserve available for short-term ordinary operations as well as to handle temporary unexpected financial requirements and were transferred in the month of November 2014.

Type of Note	*Rating as at 31/12/2021 S&P/Moody's*	Rate	Date of issue	Expected maturity date	Value of issue	Amount repaid as at 31/12/2021	Residual value as at 31/12/2021
Class A	AA/Aa3	3M Euribor + 0.60%	17/11/2010	27/5/2052	427,000	405,664	21,336
Class B	no rating	3M Euribor + 2.00% (*)	17/11/2010	27/5/2052	46,400	0	46,400
Total					**473,400**	**405,664**	**67,736**

(*) The excess spread is also paid to class B as an additional coupon (additional remuneration).

In the third securitisation, Cassa di Risparmio di Asti S.p.A. disbursed a loan with limited enforceability, of € 18,986 thousand, crediting to the SPV the amount of € 18,936 thousand for the cash reserve and € 50 thousand for the provision for operating expenses. The full repayment of the cash reserve and the provision for expenses will take place based on available financial resources at the time of full repayment of the notes.

The SPV pays the excess spread to Cassa di Risparmio di Asti S.p.A. on a quarterly basis, as additional remuneration on the class B note (junior note); this is equal to the algebraic sum of interest income relating to loans collected during the period less, in order of priority, tax charges, vehicle management costs, interest expense relating to the bond loans paid during the same period and any other priority outlay in the payment waterfall.

As at 31/12/2021, the Bank essentially retains the credit risk connected to the securitised loans, which the Bank continues to value by recognising in dedicated provisions the estimated loss in value, aside from the counterparty risk relating to the cash reserve and the provision for expenses disbursed to the vehicle and the excess spread to be collected, which amounted, as at 31/12/2021, to:

- notes repurchased (accounting balance) € 46,400 thousand;
- receivable from the SPV for loan with limited enforceability (Cash Reserve) € 5.583 thousand;
- receivable from the SPV for loan with limited enforceability (Provision for expenses) € 50 thousand.
- receivable from the SPV for excess spread accrued € 6.122 thousand.

In order to guarantee to noteholders the regularity of coupon flows, indexed to different parameters than the loans, 3 derivative contracts (“amortising” interest rate swaps) were entered into with a maximum maturity of 2052; the swaps were entered into between Banca di Asti and the company Intesa Sanpaolo.

The swap agreements substantially mirror those which the company Intesa Sanpaolo entered into with the SPV. The flows of the swaps entered into are calculated taking into account three types of cash flows present on the loans: the transferred loan portfolio indeed consists of fixed and variable rate real estate mortgages and residential mortgages and, in turn, the variable rate mortgages call for two repricings at different dates.

On a quarterly basis, the SPV pays interest accrued on the loans, net of the spread, to Intesa Sanpaolo and receives the 3M Euribor (against the swap entered into); Intesa Sanpaolo in turn pays the amount received from the SPV to Cassa di Risparmio di Asti S.p.A. and receives the 3M Euribor; the offsetting swaps enable the SPV to collect the 3M Euribor, which is the calculation basis for the coupon on the notes.

The nominal value of the swaps reduces in proportion with reductions in the securitised loans.

The specular nature of the 3 swap agreements became necessary as Cassa di Risparmio di Asti S.p.A. does not have a public rating; Intesa Sanpaolo has a long-term rating from S&P of BBB, Baa1 from Moody’s and BBB from Fitch.

The securitised loan assets were recognised in these financial statements under the item “Loans and advances to customers” in the amount of € 78.760 thousand.

The financial liabilities for securitised loans are recognised in "Deposits from customers" in an equal amount.

The securitisation income and expenses recognised in these financial statements are as follows:

Income		Expenses	
interest income generated by securitised assets	1,095	interest expense on notes issued	702
other revenues	63	interest expense on derivative contract	372
		servicing fee expense	73
		other interest expense	168
		other expenses	160
		losses on loans	1,023
Total	**1,158**	**Total**	**2,498**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 4,676 thousand in overall value adjustments on the principal.

The receivables for interest on arrears on bad loans amount to € 1.277 thousand and have been written off in full. Interest income on repurchased notes, amounting to roughly € 686 thousand, was fully allocated against a reduction in interest expense on the notes issued.

The valuations of derivative contracts entered into by the SPV with Intesa Sanpaolo resulted in the recognition in the Bank income statement of € 2,256 thousand in capital gains, while the derivative contracts entered into between Intesa Sanpaolo and Cassa di Risparmio di Asti S.p.A. resulted in the recognition of € 2,256 thousand in capital losses, as well as interest income of € 372 thousand.

INFORMATION RELATING TO THE FIFTH SECURITISATION TRANSACTION

On 20 November 2012, Cassa di Risparmio di Asti S.p.A. carried out its fifth securitisation transaction on its own behalf, with the special purpose vehicle Asti RMBS S.r.l., with registered office in Rome, via Curtatone no. 3, registered in the List of special purpose vehicles established pursuant to art. 4 of the measure issued by the Bank of Italy on 29/04/2011 at no. 35045.4.

The transaction took place through the non-recourse transfer to the SPV of residential mortgage loans, for a total of € 498,929 thousand, all belonging to the "performing" category. The loans were transferred at their carrying amount. Also in this transaction, the SPV engaged Cassa di Risparmio di Asti S.p.A. as servicer.

Against the mortgages transferred, notes were issued for € 498,900 thousand, entirely repurchased by Cassa di Risparmio di Asti S.p.A. The amount was settled on 21/12/2012 through offsetting with the transferred loans. On the notes issued by the SPV, the established repayment plan has been determined on the basis of the

amortisation of the transferred loans and the conditions set forth in the Offering Circular.
The general aim of the securitisation transactions is to diversify the sources of funds and/or funding pools.

The fifth securitisation was originally a "self-securitisation": the relative notes issued and not transferred to institutional investors but directly repurchased by the Bank, were used as collateral in financing transactions with the European Central Bank, providing the Bank with a liquidity reserve available for short-term ordinary operations as well as to handle temporary unexpected financial requirements, and were transferred in the month of February 2014.

Type of Note	*Rating as at 31/12/2021 S&P/Moody's*	Rate	Date of issue	Expected maturity date	Value of issue	Amount repaid as at 31/12/2021	Residual value as at 31/12/2021
Class A	AA/AA	3M Euribor + 1.25% (*)	21/12/2012	27/12/2060	411,000	349,045	61,955
Class B	no rating	3M Euribor + 1.50% (**)	21/12/2012	27/12/2060	87,900	0	87,900
Total					**498,900**	**349,045**	**149,855**

(*) Cap equal to 5%
(**) The excess spread is also paid to class B as an additional coupon (additional remuneration).

Like in the other transactions, also the fifth securitisation, Cassa di Risparmio di Asti S.p.A. disbursed a loan with limited enforceability of € 15,050 thousand, crediting to the SPV the amount of € 15,000 thousand for the cash reserve and € 50 thousand for the provision for operating expenses.

The full repayment of the cash reserve and the provision for expenses will take place based on available financial resources at the time of full repayment of the notes.

The prospectus calls for a gradual reduction in the amount of the cash reserve: at each interest payment date, it will be reduced by the larger amount of 3.65% of the outstanding notional amount of Class A and € 7 million; when at the interest payment date Class A will have been repaid in full, the Cash Reserve Amount will be reduced to zero; at each calculation date, the Cash Reserve Amount will be part of the Issuer Available Funds.

For this securitisation transaction, there is no rate hedging through swap transactions.

The SPV determines the excess spread on a quarterly basis, which is equal to the algebraic sum of interest income relating to loans collected during the period less, in order of priority, tax charges, vehicle management costs and interest expense relating to the bond loans paid during the same period.

The excess spread (additional remuneration on B class notes) will be paid in full by the SPV to Banca di Asti, based on available financial resources, when the notes are repaid; as at 31/12/2021, it amounts to € 29,010 thousand.

As at 31/12/2021, the Bank essentially retains the credit risk connected to the securitised loans, which the Bank continues to value by recognising in dedicated provisions the estimated loss in value, aside from the counterparty risk relating to the cash reserves and the provision for expenses disbursed to the vehicle and the excess spread to be collected, which amounted, as at 31/12/2021, to:

- notes repurchased (accounting balance) € 87,900 thousand;
- receivable from the SPV for loan with limited enforceability (Cash Reserve) € 16.590 thousand;
- receivable from the SPV for loan with limited enforceability (Provision for expenses) € 50 thousand;
- receivable from the SPV for excess spread accrued € 29.010 thousand.

The securitised loan assets were recognised in these financial statements under the item “Loans and advances to customers” in the amount of € 198.542 thousand.
The financial liabilities for securitised loans are recognised in “Deposits from customers” in an equal amount.

The securitisation income and expenses recognised in these financial statements are as follows:

Income		Expenses	
interest income generated by securitised assets	3,383	interest expense on notes issued	1,427
		servicing fee expense	196
		other interest expense	169
		other expenses	156
		losses on loans	1,622
Total	**3,383**	**Total**	**3,570**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 6.591 thousand in overall value adjustments on the principal.
The receivables for interest on arrears on bad loans amount to € 796 thousand and have been written off in full.

Interest income on repurchased notes, amounting to € 853 thousand, was fully allocated against a reduction in interest expense on the notes issued.

INFORMATION RELATING TO THE FIRST MULTI-ORIGINATOR SECURITISATION TRANSACTION

On 11 August 2015, Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. carried out the first multi-originator securitisation transaction, with the special purpose vehicle Asti Group RMBS S.r.l., with registered office in Rome, via Curtatone no. 3, registered in the List of special purpose vehicles established pursuant to art. 4 of the Measure issued by the Bank of Italy on 29/04/2011 at no. 35187.4.
The transaction took place through the non-recourse transfer to the SPV of residential mortgage loans, fixed, variable and option, for a total of € 553,466 thousand (of which € 286,060 thousand of Cassa di Risparmio di Asti S.p.A. and €

267,406 thousand of Biverbanca S.p.A.), all belonging to the “performing” category. The loans were transferred at their carrying amount. In this transaction, the SPV engaged Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. as servicers.
Against the mortgages transferred, notes were issued for € 553,400 thousand, entirely repurchased by the originators Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. The amount was settled on 12/08/2015 through offsetting with the transferred loans. On the notes issued by the SPV, the established repayment plan has been determined on the basis of the amortisation of the transferred loans and the conditions set forth in the Offering Circular.
The general aim of the securitisation transactions is to diversify the sources of funds and/or funding pools.

The seventh securitisation was originally a “self-securitisation” transaction: the relative notes, issued and not sold to institutional investors, but directly repurchased by the multi-originator Banks, were used as collateral in refinancing transactions with the European Central Bank, providing the Banks with a liquidity reserve available for short-term ordinary operations and to handle temporary unexpected financial needs, which could arise from cash flow imbalances or the situation in the financial markets. In the course of 2017, the senior class was sold to institutional investors.

Type of Note	*Rating as at 31/12/2021* Fitch/Moody's	Rate	Date of issue	Expected maturity date	Total amount issued	Total amount repaid as at 31/12/2021	Residual value as at 31/12/2021
Class A	AA/Aa3	3M Euribor + 0.90% (*)	12/8/2015	27/12/2072	456,600	409,715	46,885
Class B	no rating	3M Euribor + 1.00%	12/8/2015	27/12/2072	96,800	0	96,800
Total					**553,400**	**409,715**	**143,685**

(*) Floor equal to 0% and Cap 5%

Like in the other transactions, also in the seventh securitisation, a loan with limited enforceability was disbursed for € 15,000 thousand (€7,779 thousand by Cassa di Risparmio di Asti S.p.A. and € 7,271 thousand by Biverbanca S.p.A.), crediting the amount of € 15,000 thousand to the SPV for the cash reserve, broken down as follows: € 7,753 thousand for Banca di Asti and € 7,247 thousand for Biverbanca, and € 50 thousand for the provision for operating expenses, broken down as follows: € 26 thousand for Banca di Asti and € 24 thousand for Biverbanca.
The full repayment of the cash reserve and the provision for expenses will take place based on available financial resources at the time of full repayment of the notes.
The prospectus calls for a gradual reduction in the amount of the cash reserve: at each interest payment date, it will be reduced by the larger amount of 3.25% of the residual debt of the Class A note and € 6,849 thousand; when at the interest payment date Class A will have been repaid in full, the cash reserve will be reduced to zero.

For this securitisation transaction, there is no rate hedging through swap transactions.

The SPV determines the excess spread on a quarterly basis, which is equal to the algebraic sum of interest income relating to loans collected during the period less, in order of priority, tax charges, vehicle management costs and interest expense relating to the bond loans paid during the same period. The excess spread (additional remuneration on B class notes) will be paid in full by the SPV to the originators, based on available financial resources, when the notes are repaid; as at 31/12/2021, it amounts to € 47,038 thousand for Cassa di Risparmio di Asti S.p.A.

As at 31/12/2021, the Bank essentially retains the credit risk connected to the securitised loans, which the Bank continues to value by recognising in dedicated provisions the estimated loss in value, aside from the counterparty risk relating to the cash reserves and the provision for expenses disbursed to the vehicle and the excess spread to be collected.
The securitised loan assets were recognised in these financial statements under the item “Loans and advances to customers” in the amount of € 203.011 thousand.
The financial liabilities for securitised loans are recognised in “Deposits from customers” in an equal amount.
The securitisation income and expenses recognised in these financial statements are as follows:

Income		Expenses	
interest income generated by securitised assets	5,288	interest expense on notes issued	872
		servicing fee expense	207
		other expenses	253
		losses on loans	170
Total	**5,288**	**Total**	**1,508**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 4.823 thousand in overall value adjustments on the principal.
The receivables for interest on arrears on bad loans amount to € 446 thousand and have been written off in full.
Interest income on repurchased notes, amounting to € 450 thousand, was fully allocated against a reduction in interest expense on the notes issued.

INFORMATION RELATING TO THE THIRD MULTI-ORIGINATOR SECURITISATION TRANSACTION

In June 2019, Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. carried out the third multi-originator securitisation transaction with the special purpose vehicle Asti Group RMBS II S.r.l., with registered office in Rome, Via Curtatone no. 3, registered in the Rome Register of Companies no. 152897710 and registered in the List of special purpose securitisation vehicles established at the Bank of Italy pursuant to art. 4 of the Measure issued on 29/04/2011 at no. 35584.2. The transaction took place through the non-recourse transfer to the SPV of residential mortgage loans, fixed, variable and option, for a total of € 988,009 thousand (of which € 862,439 thousand of Cassa di Risparmio di Asti S.p.A. and € 125,570 thousand of Biverbanca S.p.A.), all belonging to the “performing” category. The loans were transferred at their carrying amount. Against the loans transferred, notes totalling € 988,008 thousand were issued, repurchased in full by the originators Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. Ownership of the notes was obtained on 28/06/2019 through offsetting with the transferred loans. On the notes issued by the SPV, the established repayment plan has been determined on the basis of the amortisation of the transferred loans and the conditions set forth in the Offering Circular.

The ninth securitisation was originally a "self-securitisation" transaction: the relative notes, issued and not sold to institutional investors, but directly repurchased by the multi-originator Banks, were initially used as collateral in refinancing transactions with the European Central Bank, providing the Banks with a liquidity reserve available for short-term ordinary operations and to handle temporary unexpected financial needs, which could arise from cash flow imbalances or the situation in the financial markets. In the course of 2019, the senior class was sold to institutional investors.
The general aim of the securitisation transactions is to diversify the sources of funds and/or funding pools.

Type of Note	*Rating as at 31/12/2021* Moody's/ DBRS	Rate	Date of issue	Expected maturity date	Total issue value	Total amount repaid as at 31/12/2021	Total residual value as at 31/12/2021
Class A	Aa3/AAA	3M Euribor + 0.90% (*)	28/6/2019	29/12/2072	825,000	292,144	532,856
Class B	NR/AH	3M Euribor + 2.00% (**)	28/6/2019	29/12/2072	64,300	0	64,300
Class C	no rating	3M Euribor + 3.00%	28/6/2019	29/12/2072	98,708	0	98,708
Total					**988,008**	**292,144**	**695,864**

(*) Floor equal to 0% and Cap 2.5% up to the Interest Payment Date of June 2021, 3.5% after June 2021
(**) Floor equal to 0% and Cap 3.5% up to the Interest Payment Date of June 2021, 4.5% after June 2021

Like in the other transactions, also in the ninth securitisation, a loan with limited enforceability was disbursed for € 17,850 thousand (€ 15,581 thousand by Cassa di Risparmio di Asti S.p.A. and € 2,269 thousand by Biverbanca S.p.A.), crediting the amount of € 17,806 thousand to the SPV for the cash reserve, broken down as follows: € 15,538 thousand for Banca di Asti and € 2,269 thousand for Biverbanca, and € 50 thousand for the provision for operating expenses, broken down as follows: € 44 thousand for Banca di Asti and € 6 thousand for Biverbanca.
The full repayment of the cash reserve and the provision for expenses will take place based on available financial resources at the time of full repayment of the notes.
The prospectus calls for a gradual reduction in the amount of the cash reserve: at each interest payment date, it will be reduced by the larger amount of 2% of the residual debt of the rated note and € 8,893 thousand; when at the interest payment date Class A will have been repaid in full, the cash reserve will be reduced to zero.
For this securitisation transaction, there is no rate hedging through swap transactions.

The SPV determines the excess spread on a quarterly basis, which is equal to the algebraic sum of interest income relating to loans collected during the period less, in order of priority, tax charges, vehicle management costs and interest expense relating to the bond loans paid during the same period. The excess spread (additional remuneration on B class notes) will be paid in full by the SPV to the originators, based on available financial resources, when the notes are repaid; as at 31/12/2021, it amounts to € 31,638 thousand for Cassa di Risparmio di Asti S.p.A. As at 31/12/2021, the Bank essentially retains the credit risk connected to the securitised loans, which the Bank continues to value by recognising in dedicated provisions the estimated loss in value, aside from the counterparty risk relating to the cash reserves and the provision for expenses disbursed to the vehicle and the excess spread to be collected. The securitised loan assets were recognised in these financial statements under the item "Loans and advances to customers" in the amount of € 736,624 thousand. The financial liabilities for securitised loans are recognised in "Deposits from customers" in an equal amount.

The securitisation income and expenses recognised in these financial statements are as follows:

Income		Expenses	
interest income generated by securitised assets	18,478	interest expense on notes issued	5,872
		servicing fee expense	780
		losses on loans	267
		Other expenses	420
Total	**18.478**	**Total**	**7,339**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 6,647 thousand in overall value adjustments on the principal. Interest income on repurchased notes, amounting to € 3,409 thousand, was fully allocated against a reduction in interest expense on the notes issued.

INFORMATION RELATING TO THE MAGGESE PROJECT TRANSACTION

On 16 July 2018, Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. finalised, pursuant to art. 58 of Italian Legislative Decree 385/1993 and arts. 1 and 4 of Italian Law 130/1999 on securitisation, a non-recourse transfer for valuable consideration and en bloc of a portfolio of bad loans to the special purpose vehicle Maggese S.r.l., with registered office in Rome, Via Curtatone no. 3, registered in the List of special purpose vehicles managed by the Bank of Italy pursuant to Measure of the Governor of the Bank of Italy of 07/06/2017, in force as of 30/06/2017, at no. 35475.3.

In particular, 5,313 loans originated by Cassa di Risparmio di Asti S.p.A. and by Biverbanca S.p.A. were transferred to the SPV, with a gross book value of € 694,546 thousand at the transfer date. Against the acquisition of the above-mentioned loans, on 26 July 2018 Maggese S.r.l. issued the following classes of notes pursuant to and in accordance with art. 5 of Italian Law 130/1999:

Type of Note	Rating as at 31/12/2021 Moody's/DBRS/ Scope	Rate	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2021	Total residual amount as at 31/12/2021
Class A	Ba3/BB/CCC	6M Euribor + 0.5% (*)	26/7/2018	25/7/2037	170,809	0.674	55,744	115,065
Class B	no rating	6M Euribor + 6% (**)	26/7/2018	25/7/2037	24,401	1.000	0	24,401
Class C	no rating	Variable	26/7/2018	25/7/2037	11,420	1.000	0	11,420
Total					**206,630**		**55,744**	**150,886**

(*) Floor 0%

(**) Cap on Euribor equal to: 0.50 until July 2019; 0.75 from January 2020 to July 2021; 1 from January 2022 to July 2023; 1.25 from January 2024 to July 2025; 1.50 from January 2026 to July 2027; 2 from January 2028 to July 2029; 2.50 from January 2030 to July 2030; 3 until January 2031

The structure benefits from a cash reserve equal to 4% of the class A notes (at the moment of the closing equal to € 6,832 thousand), which was repaid for an amount of € 1,995 thousand as at 31 December 2021. This reserve was funded by Cassa di Risparmio di Asti S.p.A. and by Biverbanca S.p.A. through a subordinated loan bearing interest at a fixed rate of 1%; the interest collected as at 31 December 2021 amounted to roughly € 55 thousand.

INFORMATION RELATING TO THE POP NPLS 2019 S.R.L. TRANSACTION

On 10 December 2019, Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A., along with another ten banks (defined as "Transferors") finalised, pursuant to art. 58 of Italian Legislative Decree 385/1993 and arts. 1 and 4 of Italian Law 130/1999 on securitisation, a non-recourse transfer for valuable consideration and en bloc of a portfolio of bad loans to the special purpose vehicle POP NPLs 2019 S.r.l., with registered office in Conegliano (TV), Via Vittorio Alfieri no. 1, registered in the list of special purpose vehicles managed by the Bank of Italy pursuant to Measure of the Governor of the Bank of Italy of 7 June 2017, in force as of 30 June 2017, at no. 35670.9. In particular, a portfolio of credit positions originated by Cassa di Risparmio di Asti S.p.A. and by Biverbanca S.p.A. was transferred to the SPV, with a gross book value of € 62.490 thousand at the transfer date. Against the acquisition of the above-mentioned loans, on 23 December 2019 POP NPLs 2019 S.r.l. issued the following classes of notes pursuant to and in accordance with art. 5 of Italian Law 130/1999:

Type of Note	*Rating* as at 31/12/2021 Moody's/Scop e Ratings	Return	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2021	Total residual amount as at 31/12/2021
Class A	BBB/BBB	6M Euribor + 0.30% (*)	23/12/2019	6/2/2045	173,000	0.758	41,800	131,200
Class B	CCC/CCC	6M Euribor + 9.50%	23/12/2019	6/2/2045	25,000	1.000	0	25,000
Class J	no rating	6M Euribor + 12.00%	23/12/2019	6/2/2045	5,000	1.000	0	5,000
Total					**203,000**		**41,800**	**161,200**

** Cap equal to the Euribor*

The notes were subscribed in full by the Transferring Banks and, also on 23 December 2019, 94.61% of the nominal value of the Mezzanine Notes and 94.61% of the nominal value of the Junior Notes was transferred to JP Morgan Securities plc. As the requirements were met for the derecognition of the NPLs pursuant to IFRS 9, the bad loans underlying the securitisation were derecognised from the assets of the Bank (asset item 40 "Loans and advances to customers"). The transaction thus structured indeed led to the transfer to third parties of all risks and benefits linked to the transferred loan portfolio. As part of this transaction, on 16 December 2019, the SPV entered into two cap agreements with J.P. Two Morgan AG caps on rates to hedge interest rate risk relating to the notes. The structure also benefits from a cash reserve equal to 4.70% of the total nominal value of the senior notes (€ 8,085 thousand), intended to manage the risk of any misalignments between the funds deriving from collections and the sums due against senior costs of the transaction and interest on the senior notes. This reserve was financed at the same time as the issue of the securities, by a limited recourse loan granted by the assignors in part, equal to approximately € 680 thousand for the Cassa di Risparmio di Asti S.p.A. on 27 April 2020, the MEF issued the State guarantee on the liabilities issued (GACS) in favour of the holders of the *senior* notes, for which an application was submitted on 8 January 2020.

INFORMATION RELATING TO THE POP NPLS 2020 S.R.L. TRANSACTION

On 22 December 2020, Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A., along with another thirteen banks (defined as "Transferors") finalised, pursuant to art. 58 of Italian Legislative Decree 385/1993 and arts. 1 and 4 of Italian Law 130/1999 on securitisation, a non-recourse transfer for valuable consideration and en bloc of a portfolio of bad loans to the special purpose vehicle POP NPLs 2020 S.r.l., with registered office in Rome, Via Piemonte no. 38, registered in the list of special purpose vehicles managed by the Bank of Italy pursuant to Measure of the Governor of the Bank of Italy of 7 June 2017, in force as of 30 June 2017, at no. 35758.2. In particular, a portfolio of credit positions originated by Cassa di Risparmio di Asti S.p.A. and by Biverbanca S.p.A. was transferred to the SPV, with a gross book value of € 113.182 thousand at the transfer date. Against the acquisition of the above-mentioned loans, on 23 December 2020 POP NPLs 2020 S.r.l. issued the following classes of notes pursuant to and in accordance with art. 5 of Italian Law 130/1999:

Type of Note	*Rating* as at 31/12/2021 Moody's/Scope Ratings	Return	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2021	Total residual amount as at 31/12/2021
Class A	BBB/BBB	6M Euribor + 0.3%	23/12/2020	29/12/2045	241,500	0.868	31,949	209,551
Class B	CCC/CCC	6M Euribor + 12%	23/12/2020	29/12/2045	25,000	1.000	0	25,000
Class J	no rating	Variable	23/12/2020	29/12/2045	10,000	1.000	0	10,000
Total					**276,500**		**31,949**	**244,551**

The notes were subscribed in full by the Transferring Banks and, also on 23 December 2020, 94.6% of the nominal value of the Mezzanine Notes and 94.6% of the nominal value of the Junior Notes was transferred to JP Morgan Securities plc.
As the requirements were met for the derecognition of the NPLs pursuant to IFRS 9, the bad loans underlying the securitisation were derecognised from the assets of the Bank (asset item 40 “Loans and advances to customers”). The transaction thus structured indeed led to the transfer to third parties of all risks and benefits linked to the transferred loan portfolio.
As part of this transaction, on 22 December 2020, the SPV entered into two cap agreements with J.P. Morgan AG on rates to hedge interest rate risk relating to the notes.

The structure also benefits from a cash reserve equal to 4.10% of the total nominal value of the senior notes (€ 9,910 thousand), intended to manage the risk of any misalignments between the funds deriving from collections and the sums due against senior costs of the transaction and interest on the senior notes. This reserve was funded at the time of the issue of the notes, by a limited recourse loan disbursed by the transferors, amounting to around € 762 thousand for Cassa di Risparmio di Asti S.p.A.
On 25 January 2021, a petition was submitted to the MEF to obtain the “GACS” in favour of the senior noteholders.

INFORMATION RELATING TO THE BCC NPLS 2021 S.r.l. TRANSACTION

On 16 November 2021, Cassa di Risparmio di Asti S.p.A., along with another seventy-four banks (defined as “Transferors”) finalised, pursuant to art. 58 of Italian Legislative Decree 385/1993 and arts. 1 and 4 of Italian Law 130/1999 on securitisation, a non-recourse transfer with consideration and en bloc of a portfolio of bad loans to the special purpose vehicle BCC NPLs 2021 S.r.l., with registered office in Conegliano (TV), Via Vittorio Alfieri 1, 31015 registered in the List of special purpose vehicles managed by the Bank of Italy pursuant to Measure of the Governor of the Bank of Italy of 7 June 2017, in force as of 30 June 2017, at no. 35852.3. In particular, a portfolio of credit positions was transferred to the SPV, originated by Cassa di Risparmio di Asti S.p.A., with a gross carrying amount of € 127,089 thousand at the transfer date. Against the acquisition of the above-mentioned loans, on 29 November 2021, BCC NPLs 2021 S.r.l. issued the following classes of notes pursuant to and in accordance with art. 5 of Italian Law 130/1999:

Type of Note	*Rating* as at 31/12/2021 Moody's/Scope Ratings	Return	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2021	Total residual amount as at 31/12/2021
Class A	Baa2/BBB	6M Euribor + 0.35%	29/11/2021	30/4/2046	284,000	1.000	0	284,000
Class B	Caa2/CCC	6M Euribor + 8%	29/11/2021	30/4/2046	39,500	1.000	0	39,500
Class J	no rating	Variable	29/11/2021	30/4/2046	13,000	1.000	0	13,000
Total					**336,500**		**0**	**336,500**

The senior notes were subscribed in full by the Transferring Banks and, also on 16 November 2021, 94.38% of the nominal value of the Mezzanine Notes and 94.38% of the nominal value of the Junior Notes was transferred to Bracebridge Capital LCC.As the requirements were met for the derecognition of the NPLs pursuant to IFRS 9, the bad loans underlying the securitisation were derecognised from the assets of the Bank (asset item 40 "Loans and advances to customers"). The transaction thus structured indeed led to the transfer to third parties of all risks and benefits linked to the transferred loan portfolio.

The structure also benefits from a cash reserve equal to 11.10% of the total nominal value of the senior notes (€ 31,520 thousand), intended to manage the risk of any misalignments between the funds deriving from collections and the sums due against senior costs of the transaction and interest on the senior notes. This reserve was funded at the time of the issue of the notes, by a limited recourse loan disbursed in part by the transferors, amounting to around € 966 thousand for Cassa di Risparmio di Asti S.p.A. On 24 December 2021, a preliminary application was presented to the MEF (Ministry of Economy and Finance) to obtain the "GACS" in favour of the holders of the *senior* note.

INFORMATION RELATING TO THE MADELEINE TRANSACTION

In May 2013, the company completed a self-securitisation of salary and pension assignment loans, with transfers on a quarterly basis from 2013 to 31 December 2014 for a total of € 197.7 million in loans. The loan transfers took place through the payment of an acquisition price "at par".

To fund the acquisition of the loans transferred by the company, the SPV issued "asset backed" (partially paid) notes in an amount equal to the value of the loans transferred plus the Cash Reserve and the Prepayment Reserve, broken down into two classes on the basis of the tranching assigned by Moody's when it assigned the private rating:

- 82% "Senior" Notes (Class A Asset Backed);
- 18% "Junior" Notes (Class B Asset Backed).

At the time of the issue of the notes, Pitagora signed the Master Repurchase Agreement (hereinafter the "REPO") with Duomo funding plc, the Banca Intesa Sanpaolo Group, for the € 125 million loan for the acquisition of the senior notes.
In the course of 2013 and 2014, in relation to the transaction, the company entered into the following agreements:

- "Class A Notes Purchase and Additional Agreement", for the sale, in several tranches, to Goldman Sachs of 94.25% of the senior notes, previously used to back the REPO. The company maintained, again in compliance with legal provisions, a net economic interest to the extent of 5.75% of the nominal value of the senior notes tranche. The senior notes, held by Pitagora in compliance with the "retention rule", remained to back the REPO previously entered into.

- “Class B Notes Purchase Agreement” with the Luxembourg-based vehicle Hermes Trade Receivables s.ar.l. (through the intervention and guarantee of the Christofferson Robb &C. investment fund) for the sale of 94.93% of the junior notes. The company maintained, in compliance with legal provisions, a net economic interest to the extent of 5.07% of the nominal value of the junior notes tranche.
- “Restructuring Transaction” intended to issue two subordinate classes of Notes: fixed rate and rated mezzanine (for an amount equal to 8.5% of the total notes) and new variable rate unrated junior notes, to replace the original junior class (for an amount equal to 9.5% of the total notes). The company maintained, also in line with the “retention rule” set forth for the transaction, in compliance with the provisions pursuant to art. 122 bis of Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 (“Capital Requirements Directive I” – CRD I), as amended by Directive 2009/111/EC of the European Parliament and of the Council of 16 September 2009 (“Capital Requirements Directive II” – CRD II), the net economic interest on all classes of notes, according to the vertical slice method.

In 2014, the company requested and obtained the transformation of the rating from private to public from the company Moody’s, which on 11 March 2014 confirmed the A3 rating and the maintenance of the tranching assigned previously. On 17 July 2014, the company obtained a second public rating issued by the rating agency DBRS for the class A (senior) notes, which confirmed the tranching noted above, as assigned by Moody’s, and recognised a rating of A-.

In the course of 2019, the REPO loan was paid off, in line with the full repayment of the senior notes, held in the portfolio by Pitagora and provided as a guarantee.

During the 2020 financial year, the mezzanine notes were also fully reimbursed. During the 2021 financial year, the transaction was subject to *unwinding* and the residual receivables were sold to Dyret SPV. Pitagora does not hold any title in this operation, but only holds the role of *Sub-Servicer*.

INFORMATION RELATING TO THE DYRET SPV TRANSACTION

On 11 May 2017, the company entered into a non-recourse monthly loan transfer agreement with the special purpose vehicle Lake Securitisation Srl, as part of a multi-originator securitisation transaction structured by Banca Progetto, pursuant to Italian Law 130, with no note tranching. The size of the transaction is between € 50 and € 100 million per year in terms of price, with a 24-month ramp-up period. The transfer agreement underlying the transaction calls for different transfer prices depending on product type.

The company has no obligation to retain the notes issued by the vehicle established pursuant to Italian Law 130, considering the fact that the transaction cannot be considered a securitisation pursuant to Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential

requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 - Capital Requirements Regulation (CRR), since the requirements established therein are not met.
In this transaction, as well as being the Originator, Pitagora also acts as Sub-servicer.

INFORMATION RELATING TO THE PETILIA TRANSACTION

On 19 December 2019, the company entered into a new non-recourse monthly loan transfer agreement with the special purpose vehicle PETILIA SPV Srl, as part of a new securitisation transaction with derecognition pursuant to Italian Law 130, structured by Banca Popolare Puglia e Basilicata, with no notes tranching.

The total maximum value of the notes that may be issued is € 270 million, with a 24-month ramp-up period. The notes have a "partly paid" structure and were subscribed in full by Banca Popolare di Puglia e Basilicata. The company has no obligation to retain the notes issued by the vehicle established pursuant to Italian Law 130, considering the fact that the transaction cannot be considered a securitisation pursuant to Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 - Capital Requirements Regulation (CRR), since the requirements established therein are not met.

The transaction refers to the assignment of performing CQS/CQP exposures (consumer credit segment). The transfers of loans were carried out by paying a purchase price according to a transfer rate differentiated by product type (spread + 5Y IRS). The purchase price is above par.

Overall, during 2021 loans amounting to a total € 66,168,837 in principal terms were transferred. In December 2021, a *restructuring* of the operation was agreed with the investor aimed at extending the *ramp-up* period until December 2023.

Pitagora, in addition to being Originator, took on the Servicer role of managing the collection and recovery of loans transferred in the name and on behalf of the SPV. This activity enables Pitagora to maintain direct relations with its customers, transferring principal and interest collections to accounts opened in the name of Petilia SPV Srl at the collection custodian bank.

C.1 Prudential consolidation - exposures arising from major own securitisation transactions broken down by type of securitised assets and exposures

Quality of underlying assets/Exposures	Balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	value adjustments	Book value	value adjustments	Book value	value adjustments
A. Fully derecognised	**67,863**	**82,742**	**317**	**0**	**1**	**0**
- 2021 GACS securitisation	39,612	82,724	0	0	0	0
- securities connected to the BCC NPLs 2021 securitisation transaction	28,251	18	0	0	0	0
- securities connected to the Maggese securitisation transaction	0	0	216	0	0	0
- securities connected to the Pop NPLs 2019 securitisation transaction	0	0	20	0	0	0
- securities connected to the Pop NPLs 2020 securitisation transaction	0	0	27	0	0	0
- securities connected to the Pop NPLs 2021 securitisation transaction	0	0	54	0	1	0
B. Partially derecognised	**0**	**0**	**0**	**0**	**0**	**0**
C. Not derecognised	**1,416,409**	**22,738**	**22,316**	**0**	**25,126**	**0**
- performing mortgage loans	1,151,040	7,909	0	0	0	0
- non-performing mortgage loans	32,727	14,829	0	0	0	0
- salary and pension assignment loans	232,642	0	22,316	0	25,126	0

(Continued)

Financial guarantees given						Credit facilities					
Senior		*Mezzanine*		*Junior*		*Senior*		*Mezzanine*		*Junior*	
Net exposure	Net value adjustments/recoveries	Net exposure	Net value adjustments/recoveries	Net exposure	Net value adjustments/recoveries	Net exposure	Net value adjustments/recoveries	Net exposure	Net value adjustments/recoveries	Net exposure	Net value adjustments/recoveries
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	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	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	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	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	0	0
0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

C.2 Exposures arising from major "third party" securitisation transactions broken down by type of securitised assets and type of exposure

Type of securitised assets/Exposures	Balance sheet exposures					
	Senior		Mezzanine		Junior	
	Book value	Net value adjustments/recoveries	Book value	Net value adjustments/recoveries	Book value	Net value adjustments/recoveries
Securities representing loans disbursed by Credimi	15,114	205	0	0	0	0

(continued)

Guarantees given						Credit facilities					
Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
Net exposure	Net value adjustments/recoveries	Net exposure	Net value adjustments/recoveries	Net exposure	Net value adjustments/recoveries	Net exposure	Net value adjustments/recoveries	Net exposure	Net value adjustments/recoveries	Net exposure	Net value adjustments/recoveries
0	0	0	0	0	0	0	0	0	0	0	0

C.3 Prudential consolidation - Stakes in special purpose securitisation vehicles

Securitisation name/Special purpose vehicle name	Registered Office	Consolidation	Assets			Liabilities		
			Loans	Debt securities	Other	Senior	Mezzanine	Junior
Asti Finance S.r.l.	Rome	Yes	78,677	0	10,649	21,336	0	46,400
Asti RMBS S.r.l.	Rome	Yes	197,900	0	10,504	61,955	0	87,900
Asti GROUP RMBS S.r.l.	Rome	Yes	202,143	0	11,319	46,885	0	96,800
Asti GROUP PMI S.r.l. (*)	Rome	Yes	1,101,183	0	152,871	700,000	0	485,339
Asti GROUP RMBS II S.r.l.	Rome	Yes	732,478	0	26,698	532,856	64,300	98,708
Asti GROUP RMBS III S.r.l. (*)	Rome	Yes	600,428	0	23,330	523,100	100	88,584
Maggese S.r.l.	Rome	No	127,721	0	13,532	115,065	24,401	11,420
POP NPLS 2019 S.r.l.	Conegliano (TV)	No	8,525	0	1,492	9,677	1,844	369
POP NPLs 2020 S.r.l.	Rome	No	24,065	0	3,838	23,733	3,074	1,229
MADELEINE SPV S.r.l.	CONEGLIANO	NO	0	0	0	0	0	0
MANU SPV SRL	CONEGLIANO	YES	271,309	0	8,930	0	0	0
DYRET SPV SRL	MILAN	NO	199,715	0	9,341	171,155	21,355	24,853
PETILIA FINANCE SRL	MILAN	NO	228,236	0	7,250	247,872	0	0

The item “Liabilities” includes the notes issued.
(*) Self-securitisation transaction.

C.4 Prudential consolidation - Non-consolidated special purpose securitisation vehicles

Maggese S.r.l.

Following the securitisation transaction on bad loans transferred to the special purpose vehicle Maggese S.r.l., Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. hold the entire senior tranche issued by the SPV, backed by the Italian State GACS guarantee, with a total value of € 115,065 thousand as at 31 December 2021.
The details of the senior tranche are provided below:

Note	Listing Market	Rate/ Spread	Rating as at 31/12/2021 Moody's/Scope/DBRS	Final repayment date	Total amount issued	Residual amount of notes repurchased and still owned as at 31/12/2021	Subscriber
Senior	Unlisted	6M Euribor + 0.5%	Ba3/BB/CCC	July 2037	170,809	115,065	Cassa di Risparmio di Asti S.p.A.
Total					**170,809**	**115,065**	

At the issue date, Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. disbursed, for € 5,589 thousand and € 1,243 thousand, respectively, a limited recourse loan in favour of the SPV for a total of € 6,832 thousand (corresponding to the target cash reset amount at the issue date). This loan was disbursed to allow for the constitution of the required cash reserve. As of the disbursement date interest will accrue on the amount of the loan, or the lower principal sum still due over time following the partial repayments, at an annual rate of 1% calculated on an ACT/360 basis.

The maximum exposure to risk of loss at the date of these financial statements for Cassa di Risparmio di Asti S.p.A. is therefore equal to € 121,897 thousand, equal to the sum of the book value of the *senior tranche* held and the residual debt connected to the above-mentioned limited recourse loan.

In light of how the securitisation is structured, the events or circumstances that could expose the Bank to a loss are indeed neutralised by the presence of the Italian State "GACS" guarantee backing the entire senior tranche exposure.

POP NPLS 2019 S.r.l.

Following the securitisation of bad loans to the special purpose vehicle POP NPLs 2019 S.r.l., the Transferring Banks subscribed pro rata the senior tranche issued by the SPV, for a total value of € 173,000 thousand and for which the Ministry of Economy and Finance on 27 April 2020 granted admission to the state guarantee scheme on the issued liabilities (GACS).
The details of the senior tranche held by Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. are provided below:

Note	Listing Market	Rate/ *Spread*	*Rating* as at 31/12/2021 Moody's/Scope Ratings	Final repayment date	Nominal value issued	Residual value as at 31/12/2021	Subscriber
Senior	Unlisted	6M Euribor + 0.30%	BBB/BBB	February 2045	16,999	12,892	Cassa di Risparmio di Asti S.p.A.
Total					**16,999**	**12,892**	

On 20 December 2019, Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. disbursed a limited recourse loan, for € 680 thousand and € 115 thousand, respectively, in favour of the SPV, in order to allow for the establishment of the required cash reserve. This reserve is equal to 4.7% of the total nominal value of the senior notes (€ 8,085 thousand) and is intended to guarantee the risk of any misalignments between the funds deriving from collections and the sums due against senior costs of the transaction and interest on the senior notes.

POP NPLS 2020 S.r.l.

Following the securitisation of bad loans to the special purpose vehicle POP NPLs 2020 S.r.l., the Transferring Banks subscribed pro rata the senior tranche issued by the SPV, for a total value of € 241,500 thousand and for which a request was submitted to the Ministry of Economy and Finance on 25 January 2021 for admission to the state guarantee scheme on the issued liabilities (GACS). The details of the senior tranche held by Cassa di Risparmio di Asti S.p.A. are provided below:

Note	Listing Market	Rate/ Spread	*Rating* as at 31/12/2021 Moody's/Scope Ratings	Final repayment date	Nominal value issued	Residual value as at 31/12/2021	Subscriber
Senior	Unlisted	6M Euribor + 0.30%	BBB/BBB	December 2045	23,118	20,060	Cassa di Risparmio di Asti S.p.A.
Total					**23,118**	**20,060**	

On 22 December 2020, Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. disbursed a limited recourse loan, for € 762 thousand and € 186 thousand, respectively, in favour of the SPV, in order to allow for the establishment of the required cash reserve. This reserve is equal to 4.1% of the total nominal value of the senior notes (€ 9,910 thousand) and is intended to guarantee the risk of any misalignments between the funds deriving from collections and the sums due against senior costs of the transaction and interest on the senior notes.

BCC NPLs 2021 S.r.l.

Following the securitisation of bad loans to the special purpose vehicle BCC NPLs 2021 S.r.l., the Transferring Banks subscribed pro rata the senior tranche issued by the SPV, for a total value of € 284,000 thousand as at 31 December 2021 and for which a preliminary application was submitted to the Ministry of Economy and Finance on 24 December 2021 for admission to the state guarantee scheme on the issued liabilities (GACS). The details of the senior tranche held by Cassa di Risparmio di Asti S.p.A. are provided below:

Note	Listing Market	Rate/ Spread	*Rating* as at 31/12/2021 Moody's/Scope Ratings	Final repayment date	Nominal value issued	Residual value as at 31/12/2021	Subscriber
Senior	Unlisted	6M Euribor + 0.35%	Baa2/BBB	April 2046	27,657	27,657	Cassa di Risparmio di Asti S.p.A.
Total					**27,657**	**27,657**	

Cassa di Risparmio di Asti S.p.A. disbursed a limited recourse loan, for € 966 thousand in favour of the SPV, in order to allow for the establishment of the required cash reserve. This reserve is equal to 11.10% of the total nominal value of the senior notes (€ 13,520 thousand) and is intended to guarantee the risk of any misalignments between the funds deriving from collections and the sums due against senior costs of the transaction and interest on the senior notes.

C.5 Prudential consolidation - Servicer activities - own securitisations: collections of securitised loans and repayments of notes issued by the special purpose securitisation vehicle

Servicer	Special purpose vehicle	Securitised assets (period-end figure)		Loan collections during the year	
		Non-performing	Performing	Non-performing	Performing
YES	Madeleine SPV S.r.l.	0	0	612	4,179
YES	Dyret SPV S.r.l.	737	13,136	856	13,629
YES	Petilia Finance S.r.l.	5,890	161,829	4,979	36,955

(Continued)

Percentage of notes repaid (period-end figure)					
Senior		Mezzanine		*Junior*	
Non-performing assets	Performing assets	Non-performing assets	Performing assets	Non-performing assets	Performing assets
0	0	0	0	0	100%
0	0	0	0	0	0
0	0	0	0	0	0

D. DISPOSALS

A. Financial assets sold and not fully derecognised

QUALITATIVE INFORMATION

For a description of the transactions contained in tables D.1 and D.2 below, please refer to the footnotes of the tables themselves.

QUANTITATIVE INFORMATION

D.1 PRUDENTIAL CONSOLIDATION - FINANCIAL ASSETS SOLD AND FULLY RECOGNISED AND ASSOCIATED FINANCIAL LIABILITIES: BOOK VALUES	Financial assets sold and fully recognised				Associated financial liabilities		
	Book value	of which: subject to securitisation transactions	of which: subject to contracts of sale with repurchase obligation	of which non-performing	Book value	of which: subject to securitisation transactions	of which: subject to contracts of sale with repurchase obligation
A. Financial assets held for trading	**9,238**	**1,156**	**0**	**X**	**-852**	**-852**	**0**
1. Debt securities	0	0	0	X	0	0	0
2. Equity instruments	0	0	0	X	0	0	0
3. Loans	9,238	1,156	0	X	-852	-852	0
4. Derivatives	0	0	0	X	0	0	0
B. Other financial assets mandatorily measured at fair value	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1. Debt securities	0	0	0	0	0	0	0
2. Equity instruments	0	0	0	X	0	0	0
3. Loans	0	0	0	0	0	0	0
C. Financial assets designated at fair value	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1. Debt securities	0	0	0	0	0	0	0
2. Loans	0	0	0	0	0	0	0
D. Financial assets measured at fair value through other comprehensive income	**63,480**	**63,451**	**0**	**1,380**	**-46,756**	**-46,756**	**0**
1. Debt securities	0	0	0	0	0	0	0
2. Equity instruments	0	0	0	X	0	0	0
3. Loans	63,480	63,451	0	1,380	-46,756	-46,756	0
E. Financial assets measured at amortised cost	**1,429,180**	**1,427,019**	**2,161**	**37,240**	**-941,647**	**-939,798**	**-1,849**
1. Debt securities	2,161	0	2,161	0	-1,849	0	-1,849
2. Loans	1,427,019	1,427,019	0	37,240	-939,798	-939,798	0
Total 2021	**1,501,898**	**1,491,626**	**2,161**	**38,620**	**-989,255**	**-987,406**	**-1,849**
Total 2020	**1,634,532**	**1,604,014**	**30,312**	**41,367**	**-617,827**	**-569,372**	**-48,455**

D.3 PRUDENTIAL CONSOLIDATION - SALES TRANSACTIONS RELATING TO LIABILITIES WITH REPAYMENT EXCLUSIVELY BASED ON ASSETS SOLD AND NOT FULLY DERECOGNISED: FAIR VALUE	Fully recognised	Partially recognised	Total	
			2021	2020
A. Financial assets held for trading	**1,156**	**0**	**1,156**	**1,289**
1. Debt securities	0	0	0	0
2. Equity instruments	0	0	0	0
3. Loans	1,156	0	1,156	1,289
4. Derivatives	0	0	0	0
B. Other financial assets mandatorily measured at fair value	**0**	**0**	**0**	**0**
1. Debt securities	0	0	0	0
2. Equity instruments	0	0	0	0
3. Loans	0	0	0	0
C. Financial assets designated at fair value	**0**	**0**	**0**	**0**
1. Debt securities	0	0	0	0
2. Loans	0	0	0	0
D. Financial assets measured at fair value through other comprehensive income	**63,451**	**0**	**63,451**	**81,899**
1. Debt securities	0	0	0	0
2. Equity instruments	0	0	0	0
3. Loans	63,451	0	63,451	81,899
E. Financial assets measured at amortised cost (fair value)	**1,427,019**	0	**1,427,019**	**1,520,826**
1. Debt securities	0	0	0	0
2. Loans	1,427,019	0	1,427,019	1,520,826
Total financial assets	**1,491,626**	**0**	**1,491,626**	**1,604,014**
Total associated financial liabilities	**-987,406**	**0**	**X**	**X**
Net value 2021	**504,220**	**0**	**504,220**	**1,604,014**
Net value 2020	**1,034,642**	**0**	**0**	**1,604,014**

B. Financial assets sold and fully derecognised with recognition of "continuing involvement"

There are no items of this type.

E. PRUDENTIAL CONSOLIDATION - CREDIT RISK MEASUREMENT MODELS

The AIRB internal rating system and the Credit Rating System constitute valid management tools supporting both the sales network and the central structures in lending decisions, renewals and management.

1.2.1 INTEREST RATE AND PRICE RISK – REGULATORY TRADING BOOK

QUALITATIVE INFORMATION

A. General aspects

"Market risks" identifies risks connected to the effects on income flows and on the economic value of the Group of unexpected changes in the level of interest and exchange rates, equity and commodities prices, as well as the relative expected volatility. For a financial intermediary, market risks represent a central component of the broader economic risk, or the risk linked to the possibility that the profit generated will differ from shareholder and management expectations.

As part of the strategies approved by the Board of Directors, the General Management of the Parent Company, supported by the Risks and ALM Committee, plays a key role in the management and control of market risks.

The General Manager of each Group Company is responsible for operating within the limits established in the "Regulation of delegated powers on financial transactions", with the right of sub-delegation, including partially, to the various competent players, possibly after consulting with the Risks and ALM Committee.

The Risks and ALM Committee analyses the Group's capital and financial structure, proposing management policies, taking into account the evolution of the financial markets, with respect for the restrictions imposed by the Supervisory Body and the operating limits established by the Board of Directors for the management of interest rate, price and exchange rate risk.

The Parent Company's Integrated Treasury Office manages interest rate and exchange rate risk according to defined strategies within the scope of the delegations received. Interest rate risk is centralised within the Integrated Treasury Office through a transfer pricing system between the Integrated Treasury itself and all other Group business areas.

The internal transfer rates system is revised on an annual basis when the budget is drafted. In the guidelines for drafting the 2021 budget, the criteria for formulating internal transfer prices were kept unchanged and include the adoption of several corrective measures applied for dealing with demand items, so as to handle anomalies deriving from the current market situation characterised by negative short/medium-term rates. The criteria were deemed consistent in considering the component linked to liquidity risk generated by the individual business units, and as a result capable of making costs concerning risk assumption within the units consistent with the exposure to liquidity risk that is generated for the Group overall as well as with company policies.

The Parent Company's Integrated Risk Control Office checks for respect for the risk limits and operating powers on financial transactions by means of systematic monitoring on the Group's exposure to market, interest rate and exchange rate risks, while also monitoring the effectiveness of the procedures adopted for measuring and monitoring risks, reporting and proposing improvements.

According to the strategies adopted by the Group, in setting up and managing its own portfolio, pure trading activity and as a result the trading portfolio, is residual in nature.

Impacts deriving from the COVID-19 pandemic

With reference to market risk, no changes were made to the measurement and control approaches and systems in place prior to the pandemic. The system of limits in force prior to the spread of COVID-19 also remained the same.

B. Management procedures and measurement methods for interest rate risk and price risk

Exposure to market risks characterises, although to different extents and in different manners, both the portfolio of financial assets managed for trading purposes and the banking book.
The regulatory trading book consists of positions in financial instruments and commodities held for trading purposes or to hedge risk inherent in other elements in the same portfolio. The instruments must lack any clause limiting their negotiability or, alternatively, must be eligible for hedging.
The positions held for trading purposes are those intentionally meant for subsequent sale in the short term and/or acquired in order to benefit, in the short term, from differences between the purchase and sale price or other changes in prices or interest rates. Positions refer to positions in and of themselves as well as positions deriving from services to customers or to support trading (market making).
With reference to the methodologies for measuring market risks for the regulatory trading book, please refer to what will be described in the section on “General aspects, management procedures and measurement methods for interest rate risk and price risk in the banking book”.
The Group measures market risk in order to determine the capital requirement by applying the standardised method.

QUANTITATIVE INFORMATION

1. REGULATORY TRADING BOOK: BREAKDOWN BY RESIDUAL MATURITY (REPRICING DATE) OF BALANCE SHEET FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL DERIVATIVES: EURO Type/Residual maturity	On demand	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Unspecified maturity
1. Balance sheet assets	**10**	**0**	**0**	**0**	**1**	**0**	**0**	**0**
1.1 Debt securities	10	0	0	0	1	0	0	0
- with early repayment option	0	0	0	0	0	0	0	0
- other	10	0	0	0	1	0	0	0
1.2 Other assets	0	0	0	0	0	0	0	0
2. Balance sheet liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2.1 Repurchase agreements	0	0	0	0	0	0	0	0
2.2 Other liabilities	0	0	0	0	0	0	0	0
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions	0	0	0	0	0	0	0	0
+ Short positions	0	0	0	0	0	0	0	0
- Other derivatives								
+ Long positions	0	0	0	0	0	0	0	0
+ Short positions	0	0	0	0	0	0	0	0
3.2 Without underlying security								
- Options								
+ Long positions	0	0	0	72	2,471	7,757	0	0
+ Short positions	0	0	0	83	2,649	7,569	0	0
- Other derivatives								
+ Long positions	0	0	0	0	0	0	0	0
+ Short positions	0	0	0	0	0	0	0	0

3. Regulatory trading book: internal models and other sensitivity analysis methods

Given the low amounts and as these are positions that are basically offset, it was not deemed appropriate to proceed with further sensitivity analyses.

1.2.2 INTEREST RATE AND PRICE RISK - BANKING BOOK

QUALITATIVE INFORMATION

A. General aspects, management procedures and measurement methods for interest rate risk and price risk

Interest rate risk, understood as the potential decline in the economic value of items as a result of changes in the level of market rates, derives from the mismatching of maturities and/or repricing between assets and liabilities in the banking book.
The banking book includes:

- assets and liabilities generated by treasury operations and therefore interbank deposits given and received, repurchase agreements, bonds held in the bank-owned portfolio, derivative contracts hedging interest rate risk (IRS, OIS and FRA), etc.;
- assets and liabilities generated by operations with ordinary customers; in this case, the risk is strictly linked to the Group's commercial funding and lending policies, and is allocated to the Treasury through an internal transfer rates system.

Price risk is related to the typical volatility in the value of financial instruments such as equity instruments, UCITS and derivative contracts on such instruments.
As regards the structures responsible for the management and control of interest rate and price risk, please refer to the section above "General aspects" dealing with interest rate risk and price risk - Regulatory trading book.
The Group's strategic objective is to limit its exposure to interest rate risk, in line with what is laid out in the Risk Appetite Framework, to a level deemed balanced and compatible with its capital and financial stability.
The strategies concerning interest rate risk management, set forth in the "Group Policies on interest rate risk and hedge accounting", call for recourse to natural hedges any time the financial structure of the assets and liabilities so permits, and their integration, when necessary, by entering into derivative contracts.
The management and strategic decisions are aimed at minimising the volatility of the overall economic value as the structures of market rates vary.
In this regard, the "Group financial investment policies" allow for, if applicable, a component in OTC derivatives (IRS, OIS, FRA, etc.) primarily intended to hedge interest rate risk on Group asset and liability items.
The overall mismatching profile is defined through management of the ALM, that allows for the definition of the overall risk profile and for each individual time bucket, through the assignment of all Group positions (or, if desired, part of them), to the relative repricing time bands.
To measure the financial risks generated by the banking book, the Group relies on two methodologies:

- historical simulation VaR, for investments in financial instruments held in the bank-owned portfolio FVOCI;

- Simplified model referred to in Annex C of Part One, Title III - Chapter 1 of Circular no. 285 of the Bank of Italy with integration of the behavioural model for the treatment of on demand items.

The quantification of the potential change in the economic value of the items included in the banking book resulting from adverse movements in the level of interest rates takes place using the model suggested by Circular no. 285. According to said simplified methodology, fixed-rate assets and liabilities are classified in 19 time bands based on their residual life. Variable-rate assets and liabilities are included in the various time bands based on the interest rate renegotiation date.

The receivable and payable positions are multiplied by the weighting factors, obtained as the product between a hypothetical change in market rates equal to the 1st percentile (reduction) or the 99th percentile (increase) of annual changes in interest rates recorded in a 6-year observation period and an approximation of the modified duration relating to the individual bands (diversified between assets and liabilities based on the return rates of the two aggregates).

In the case of the reduction scenario, the EBA floor pursuant to point (k) of the EBA/GL/2018/02 Guidelines is applied.

The report representing the output of the processing described above is brought to the attention of the Risks and ALM Committee by the Integrated Risk Control Office, in order to facilitate the determination of the strategies to be followed in relation to market rate fluctuation outlooks.

As envisaged in Circular no. 285 and as part of the ICAAP, the Bank arranges measurement of the effects of market rate changes in terms of the interest margin, calculated over a three-year time horizon for parallel shocks on the rate curve of +/-200 basis points, according to the simplified approach proposed in Annex C-bis.

The stress test procedures require the performance of a sensitivity analysis based on assumptions of a parallel and uniform change and on changes in the slope of the rate curve on the basis of the shock scenarios illustrated in Annex III, EBA GL 2018/02.

Impacts deriving from the COVID-19 pandemic

With reference to market risk, no changes were made to the measurement and control approaches and systems in place prior to the pandemic. The system of limits in force prior to the spread of COVID-19 also remained the same.

QUANTITATIVE INFORMATION

1. BANKING BOOK: BREAKDOWN BY RESIDUAL MATURITY (REPRICING DATE) OF FINANCIAL ASSETS AND LIABILITIES: EURO Type/Residual maturity	On demand	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Unspecified maturity
1. Balance sheet assets	**2,592,054**	**4,451,599**	**999,250**	**188,007**	**1,445,103**	**2,046,504**	**1,655,247**	**1,615**
1.1 Debt securities	2,180	183,680	324,947	806	138,279	1,244,006	1,049,334	0
- with early repayment option	1,887	13,445	28,333	714	1,300	0	0	0
- other	293	170,235	296,614	92	136,979	1,244,006	1,049,334	0
1.2 Loans to banks	46,214	2,939,479	0	0	0	0	0	0
1.3 Loans to customers	2,543,660	1,328,440	674,303	187,201	1,306,824	802,498	605,913	1,615
- c/a	339,950	0	0	0	87	5,248	0	0
- other loans	2,203,710	1,328,440	674,303	187,201	1,306,737	797,250	605,913	1,615
- with early repayment option	1,944,586	1,113,789	614,615	113,812	815,584	541,127	599,957	0
- other	259,124	214,651	59,688	73,389	491,153	256,123	5,956	1,615
2. Balance sheet liabilities	**7,440,239**	**414,068**	**866,326**	**235,959**	**3,867,060**	**163,106**	**4,514**	**0**
2.1 Deposits from customers	7,309,408	41,262	823,696	212,203	333,758	94,290	3,634	0
- c/a	7,199,396	33,144	54,837	195,698	202,911	0	0	0
- other liabilities	110,012	8,118	768,859	16,505	130,847	94,290	3,634	0
- with early repayment option	0	0	0	0	0	0	0	0
- other	110,012	8,118	768,859	16,505	130,847	94,290	3,634	0
2.2 Deposits from banks	38,243	7	40	11	2,810,299	793	880	0
- c/a	31,738	0	0	0	0	0	0	0
- other liabilities	6,505	7	40	11	2,810,299	793	880	0
2.3 Debt securities	92,588	372,799	42,590	23,745	723,003	68,023	0	0
- with early repayment option	0	0	42,255	0	137,640	0	0	0
- other	92,588	372,799	335	23,745	585,363	68,023	0	0
2.4 Other liabilities	0	0	0	0	0	0	0	0
- with early repayment option	0	0	0	0	0	0	0	0
- other	0	0	0	0	0	0	0	0
3. Financial derivatives								
3.1 With underlying security	5	93	0	1	25	1	0	0
- Options	0	0	0	0	0	0	0	0
+ Long positions	0	0	0	0	0	0	0	0
+ Short positions	0	0	0	0	0	0	0	0
- Other	5	93	0	1	25	1	0	0
+ Long positions	5	31	0	1	25	1	0	0
+ Short positions	0	62	0	0	0	0	0	0
3.2 Without underlying security	0	1,475,886	277,775	18,995	160,623	664,263	539,489	0
- Options	0	84,826	21,321	7,084	31,825	29,579	10,372	0
+ Long positions	0	21,843	2,103	7,012	29,354	21,822	10,369	0
+ Short positions	0	62,983	19,218	72	2,471	7,757	3	0
- Other derivatives	0	1,391,060	256,454	11,911	128,798	634,684	529,117	0
+ Long positions	0	1,212,498	250,410	602	15,000	0	5,338	0
+ Short positions	0	178,562	6,044	11,309	113,798	634,684	523,779	0
4. Other off-balance sheet transactions	**176,662**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
+ Long positions	88,331	0	0	0	0	0	0	0
+ Short positions	88,331	0	0	0	0	0	0	0

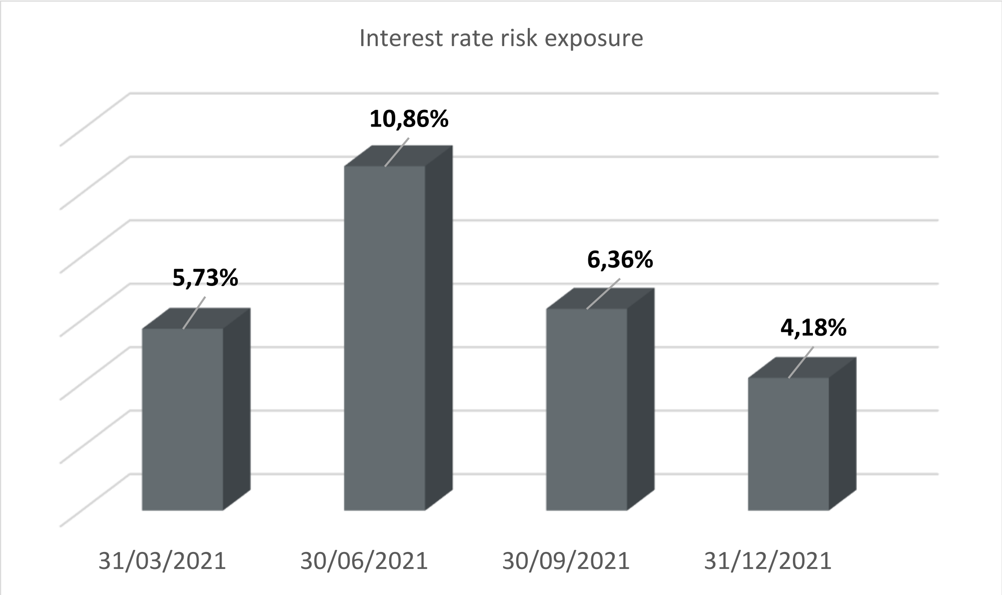
1. BANKING BOOK: BREAKDOWN BY RESIDUAL MATURITY (REPRICING DATE) OF FINANCIAL ASSETS AND LIABILITIES: OTHER CURRENCIES Type/Residual maturity	On demand	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Unspecified maturity
1. Balance sheet assets	**1,903**	**11,394**	**1,059**	**0**	**13,248**	**0**	**0**	**0**
1.1 Debt securities	0	0	0	0	0	0	0	0
- with early repayment option	0	0	0	0	0	0	0	0
- other	0	0	0	0	0	0	0	0
1.2 Loans to banks	0	0	0	0	0	0	0	0
1.3 Loans to customers	1,903	11,394	1,059	0	13,248	0	0	0
- c/a	1,903	0	0	0	0	0	0	0
- other loans	0	11,394	1,059	0	13,248	0	0	0
- with early repayment option	0	0	0	0	0	0	0	0
- other	0	11,394	1,059	0	13,248	0	0	0
2. Balance sheet liabilities	**28,913**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2.1 Deposits from customers	28,913	0	0	0	0	0	0	0
- c/a	28,913	0	0	0	0	0	0	0
- other liabilities	0	0	0	0	0	0	0	0
- with early repayment option	0	0	0	0	0	0	0	0
- other	0	0	0	0	0	0	0	0
2.2 Deposits from banks	0	0	0	0	0	0	0	0
- c/a	0	0	0	0	0	0	0	0
- other liabilities	0	0	0	0	0	0	0	0
2.3 Debt securities	0	0	0	0	0	0	0	0
- with early repayment option	0	0	0	0	0	0	0	0
- other	0	0	0	0	0	0	0	0
2.4 Other liabilities	0	0	0	0	0	0	0	0
- with early repayment option	0	0	0	0	0	0	0	0
- other	0	0	0	0	0	0	0	0
3. Financial derivatives								
3.1 With underlying security	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
- Options	0	0	0	0	0	0	0	0
+ Long positions	0	0	0	0	0	0	0	0
+ Short positions	0	0	0	0	0	0	0	0
- Other	0	0	0	0	0	0	0	0
+ Long positions	0	0	0	0	0	0	0	0
+ Short positions	0	0	0	0	0	0	0	0
3.2 Without underlying security	**0**	**20,571**	**882**	**2,095**	**0**	**0**	**0**	**0**
- Options	0	0	0	0	0	0	0	0
+ Long positions	0	0	0	0	0	0	0	0
+ Short positions	0	0	0	0	0	0	0	0
- Other derivatives	0	20,571	882	2,095	0	0	0	0
+ Long positions	0	2,012	441	1,489	0	0	0	0
+ Short positions	0	18,559	441	606	0	0	0	0
4. Other off-balance sheet transactions	**0**	**56**	**0**	**0**	**0**	**0**	**0**	**0**
+ Long positions	0	28	0	0	0	0	0	0
+ Short positions	0	28	0	0	0	0	0	0

2. Banking book: internal models and other sensitivity analysis methods

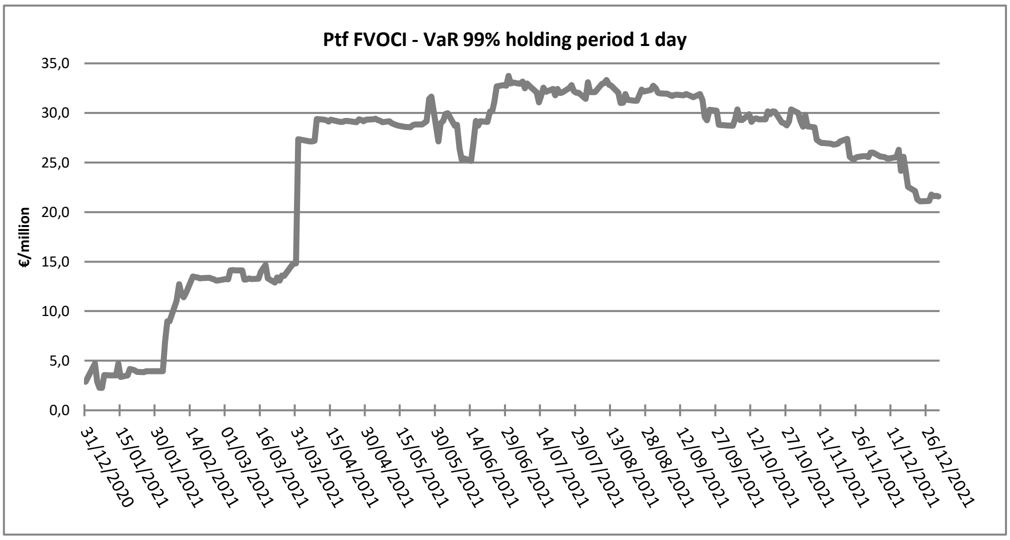
SENSITIVITY ANALYSIS METHODOLOGIES

The value at interest rate risk (4.18% of *fully phased* own funds as at 31 December 2021) is in line with the risk objectives. This economic value at risk, which increased during 2021 (especially at the end of the first half), originated in a context of a *liability sensitive* position for the *banking book* as a whole, which increased during the first part of the year by virtue of hedging through IRS of securities acquired/held in the proprietary portfolio on the basis of a forecast of a possible increase in market rates. During the rest of the year, following the significant closing of interest rate risk hedges carried out in the fourth quarter of 2021 (greater, in size, than the contextual *derisking* on the securities portfolio), note should be taken, at the end of the 2021 financial year, for the entirety of the *banking* book, of an *asset* sensitive position, with a low economic value at risk that originates in a scenario of rising market prices. The results of the stress tests conducted on the basis of the EBA's proposed scenarios do not, in any case, lead to more than the 15% of the Cet1 threshold set by the EBA GLs.

The economic value at risk as at 31 December 2021 was € 42.6 million; during the course of 2021, concomitantly with the determination of the quarterly capital absorption of Pillar II, it recorded a maximum value of € 112.9 million (10.86% of *fully phased* own funds) and a minimum value that corresponds to that recorded at the end of the 2021 financial year.



At the end of 2021, the historical simulation-based VaR calculated on the bank-owned portfolio in the hold to collect and sell category amounted to € 21.6 million; during the year the average value was € 24.4 million, the minimum value was € 2.3 million and the maximum value was € 33.7 million.



The control on other limits set forth in the “Regulation of delegated powers on financial transactions” of the Group Banks is performed by the Risk Control Function with the support of the platform provided by the IT outsourcer Myrios.

1.2.3 EXCHANGE RATE RISK

QUALITATIVE INFORMATION

A. General aspects, management procedures and measurement methods for exchange rate risk

The Group is exposed to exchange rate risk as a result of its trading activities in the currency markets and its investment and fundraising activities with instruments denominated in currencies other than the Euro.
The Parent Company's Integrated Treasury Office is responsible for the management of exchange rate risk.
The monitoring of the foreign exchange position, determined as the sum of the absolute values of the net positions of the individual currencies, is performed daily by the Parent Company's Integrated Risk Control Office, which verifies respect for the limit set by the Board of Directors and periodically provides the required disclosure to the Risks and ALM Committee.
In monitoring activities, the Group relies on the Forex module of the Obj-Fin Procedure.
In observance of the limits established by the "Regulation of delegated powers on financial transactions", the global intraday and overnight position is monitored, as defined previously, as well as the daily stop loss on the open position.

B. Hedging of exchange rate risk

Hedging of exchange rate risk, under the responsibility of the Parent Company's Integrated Treasury Office, tends towards minimising currency exposure by entering into agreements with credit counterparties intended to hedge the positions at risk.

QUANTITATIVE INFORMATION

1. BREAKDOWN BY CURRENCY OF ASSETS, LIABILITIES AND DERIVATIVES	Currencies					
Items	Japanese Yen	Australian dollar	US Dollar	British Pound Sterling	Swiss Franc	Other currencies
A. Financial assets	**17**	**0**	**27,557**	**2**	**28**	**0**
A.1 Debt securities	0	0	0	0	0	0
A.2 Equity securities	0	0	0	0	0	0
A.3 Loans to banks	0	0	0	0	0	0
A.4 Loans to customers	17	0	27,557	2	28	0
A.5 Other financial assets	0	0	0	0	0	0
B. Other assets	**305**	**473**	**4,703**	**2,077**	**1,651**	**1,088**
C. Financial liabilities	**4**	**16**	**24,948**	**1,827**	**1,659**	**460**
C.1 Deposits from banks	0	0	0	0	0	0
C.2 Deposits from customers	4	16	24,948	1,827	1,659	460
C.3 Debt securities	0	0	0	0	0	0
C.4 Other financial liabilities	0	0	0	0	0	0
D. Other liabilities	**0**	**0**	**110**	**241**	**0**	**0**
E. Financial derivatives						
- Options						
+ Long positions	0	0	0	0	0	0
+ Short positions	0	0	0	0	0	0
- Other derivatives						
+ Long positions	307	0	2,925	18	0	251
+ Short positions	614	448	9,656	19	0	790
Total assets	**629**	**473**	**35,185**	**2,097**	**1,679**	**1339**
Total liabilities	**618**	**464**	**34,714**	**2,087**	**1,659**	**1250**
Difference (+/-)	**11**	**9**	**471**	**10**	**20**	**89**

2. Internal models and other sensitivity analysis methods

Considering the low amounts in question, it was not deemed appropriate to proceed with additional sensitivity analyses.

1.3 DERIVATIVES AND HEDGING POLICIES

1.3.1 TRADING DERIVATIVES

A. Financial derivatives

A.1 FINANCIAL HEDGING DERIVATIVES: NOTIONAL VALUES AT YEAR END	Total 2021				Total 2020			
	Over the counter			Organised markets	*Over the counter*			Organised markets
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties		
Underlying assets/Derivative types		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	**0**	**197,366**	**1,885**	**0**	**0**	**0**	**898,866**	**0**
a) Options	0	1,885	1,885	0	0	0	5,399	0
b) Swaps	0	195,481	0	0	0	0	893,467	0
c) Forwards	0	0	0	0	0	0	0	0
d) Futures	0	0	0	0	0	0	0	0
e) Other	0	0	0	0	0	0	0	0
2. Equity securities and stock indices	**0**	**0**	**334**	**0**	**0**	**0**	**0**	**0**
a) Options	0	0	334	0	0	0	0	0
b) Swaps	0	0	0	0	0	0	0	0
c) Forwards	0	0	0	0	0	0	0	0
d) Futures	0	0	0	0	0	0	0	0
e) Other	0	0	0	0	0	0	0	0
3. Gold and currencies	**0**	**0**	**13,346**	**0**	**0**	**0**	**90,366**	**0**
a) Options	0	0	0	0	0	0	0	0
b) Swaps	0	0	8,521	0	0	0	43,886	0
c) Forwards	0	0	4,825	0	0	0	46,480	0
d) Futures	0	0	0	0	0	0	0	0
e) Other	0	0	0	0	0	0	0	0
4. Commodities	**0**	**0**	0	**0**	**0**	**0**	0	**0**
5. Other	**0**	**0**	0	**0**	**0**	**0**	0	**0**
Total	**0**	**197,366**	**15,565**	**0**	**0**	**0**	**989,232**	**0**

1.3 DERIVATIVES AND HEDGING POLICIES

A.2 FINANCIAL TRADING DERIVATIVES: GROSS POSITIVE AND NEGATIVE FAIR VALUE BY PRODUCT	Total 2021				Total 2020			
	Over the counter				*Over the counter*			
		Without central counterparties				Without central counterparties		
Types of derivatives	Central Counterparties	With netting agreements	Without netting agreements	Organised markets	Central Counterparties	With netting agreements	Without netting agreements	Organised markets
1. Positive fair value								
a) Options	0	1	0	0	0	0	0	0
b) Interest rate swaps	0	6,238	0	0	0	0	10,670	0
c) Cross currency swaps	0	0	9	0	0	0	1,296	0
d) Equity swaps	0	0	0	0	0	0	0	0
e) Forwards	0	0	104	0	0	0	422	0
f) Futures	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0
Total	**0**	**6,239**	**113**	**0**	**0**	**0**	**12,388**	**0**
2. Negative fair value								
a) Options	0	0	3	0	0	0	0	0
b) Interest rate swaps	0	7,813	0	0	0	0	12,785	0
c) Cross currency swaps	0	0	6	0	0	0	339	0
d) Equity swaps	0	0	0	0	0	0	0	0
e) Forwards	0	0	102	0	0	0	1,399	0
f) Futures	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0
Total	**0**	**7,813**	**111**	**0**	**0**	**0**	**14,523**	**0**

PART E
INFORMATION ON RISKS AND RELATIVE HEDGING POLICIES

1.3 DERIVATIVES AND HEDGING POLICIES

A.3 OTC FINANCIAL TRADING DERIVATIVES - NOTIONAL AMOUNTS, GROSS POSITIVE AND NEGATIVE FAIR VALUE BY COUNTERPARTY Underlying assets	Central Counterparties	Banks	Other financial companies	Other entities
Contracts not subject to netting agreements				
1) Debt securities and interest rates	**X**	**0**	**0**	**1,886**
- notional amount	X	0	0	1,885
- positive fair value	X	0	0	0
- negative fair value	X	0	0	1
2) Equity securities and stock indices	**X**	**336**	**0**	**0**
- notional amount	X	334	0	0
- positive fair value	X	0	0	0
- negative fair value	X	2	0	0
3) Gold and currencies	**X**	**11,519**	**0**	**2,048**
- notional amount	X	11,375	0	1,971
- positive fair value	X	88	0	25
- negative fair value	X	56	0	52
4) Commodities	**X**	**0**	**0**	**0**
- notional amount	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
5) Other	X	0	0	0
- notional amount	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
Contracts included in netting agreements				
1) Debt securities and interest rates	**0**	**211,418**	**0**	**0**
- notional amount	0	197,366	0	0
- positive fair value	0	6,239	0	0
- negative fair value	0	7,813	0	0
2) Equity securities and stock indices	**0**	**0**	**0**	**0**
- notional amount	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
3) Gold and currencies	**0**	**0**	**0**	**0**
- notional amount	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
4) Commodities	**0**	**0**	**0**	**0**
- notional amount	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
5) Other	**0**	**0**	**0**	**0**
- notional amount	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0

A.4 RESIDUAL LIFE OF OTC FINANCIAL DERIVATIVES: NOTIONAL VALUES Underlying/Residual life	Up to 1 year	1 to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	0	46,490	152,761	199,251
A.2 Financial derivatives on equity securities and stock indices	0	334	0	334
A.3 Financial derivatives on currencies and gold	13,346	0	0	13,346
A.4 Financial derivatives on commodities	0	0	0	0
A.5 Other financial derivatives	0	0	0	0
Total 2021	**13,346**	**46,824**	**152,761**	**212,931**
Total 2020	**336,463**	**317,597**	**335,172**	**989,232**

B. Credit derivatives

There are no items of this type.

1.3.2 HEDGES

QUALITATIVE INFORMATION

A. Fair value hedging

The adoption of the Fair Value Option and the Fair Value Hedge has the objective of eliminating or reducing valuation inconsistencies deriving from changes in the fair value of funding and lending instruments caused by interest rate curve fluctuations, in cases in which the application of the ordinary accounting rules established for the applicable category does not allow for a more reliable representation of information in the financial statements. The hedge is linked only to interest rate risk.

The "Group Policies on interest rate risk and hedge accounting" define the model of responsibilities and processes for the management and control of interest rate risk and the relative accounting treatment (hedge accounting), consistent with the nature of the Group and its degree of complexity, in compliance with Supervisory regulations and internal regulations.

As set forth by IFRS 9, the Group has currently decided to opt out, with the resulting maintenance of the rules relating to hedge accounting governed by IAS 39, therefore without applying the new General Hedge principle (possible until the IASB is able to provide a consolidated and shared regulatory framework on macro hedges).

B. Cash flow hedging

Cash flow hedge is the accounting model for the hedging of exposure to the variability of flows associated with assets or liabilities or highly likely future transactions depending on a specific risk. The risk hedged, in this case, is interest rate risk, consisting of the possibility that future changes in the level of market rates may negatively influence company results.

Keeping in mind that a derivative used for risk management on a net basis may be considered indistinctly as a Fair Value Hedge or a Cash Flow Hedge instrument (indeed, an IRS, which pays fixed and receives variable, may be considered a hedge of a fixed rate asset or a variable rate liability), the Bank has decided to adopt the Cash Flow Hedge methodology for the accounting treatment of OTC derivatives (interest rate swaps) entered into for the hedging of net positions.
The objective pursued by the hedge is to stabilise the interest flow from variable rate deposits to the extent that the latter finances fixed rate loans.
This type of hedge and the relative accounting treatment are also addressed in the policy noted above, which defines the roles and responsibilities of the company figures involved.

C. Hedging of foreign investments

There are no items of this type.

D. Hedging instruments

The types of derivatives used are represented by “over the counter” interest rate swap (IRS) contracts.

E. Hedged items

The precisely identified assets and liabilities hedged include bonds acquired or issued by the Group banks.

Disclosure relating to the impacts of the "Benchmark Reform" on interest rate hedging relationships.

The disclosure required by paragraph 24H of IFRS 7, as modified by the "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform", is provided below.

This disclosure refers to hedging relationships to which temporary exceptions apply as per paragraphs 6.8.4-6.8.12 of IFRS 9, as envisaged in the Amendment.

Given the above, note first of all that, as regards management of the process of transition to the new benchmark rates, the Group implemented process, system and internal regulations analyses for the management of the reform as a whole.

With regard to the benchmark rates, to which the hedging relationships were exposed as at 31 December 2021 (Euribor benchmark rate only), note that the current Euribor rates, following transition to the new calculation method at the end of 2019, were compliant with provisions of the EU Benchmarks Regulation of 2016.

The Eonia index was disposed of at the end of 2021. The *ECB Working Group* identified the €STR (*Euro Short-Term Rate*) as the index that replaces Eonia. To manage the transition from Eonia to €STR, the ECB Working Group recommended recalibration of the Eonia index as €STR + 8.5 bps, with publication of the latter from 3 January 2022. As regards the Libor rates (CHF and GBP - editor's note, the USD Libor will continue to be published at least for the whole of 2022), the *Financial Conduct Authority* announced that it will not guarantee the contribution of these indices beyond the end of 2021.

With reference to the recently discontinued EONIA and Libor rates, they are not used to a significant extent in the hedging relationships put in place by the Cassa di Risparmio di Asti Group.
Consequently, given the existing positions and in reference to available information and that obtainable from hedge accounting assumptions, in order to assess the forward-looking effectiveness of the hedges, as at 31 December 2021 the Bank does not expect any impact on the hedging relationships.

QUANTITATIVE INFORMATION

A. Financial hedging derivatives

A.1 FINANCIAL HEDGING DERIVATIVES: NOTIONAL VALUES AT YEAR END	Total 2021				Total 2020			
	Over the counter			Organised markets	*Over the counter*			Organised markets
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties		
Underlying assets/Derivative types		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	**0**	**1,268,863**	**0**	**0**	**0**	**0**	**776,599**	**0**
a) Options	0	0	0	0	0	0	0	0
b) Swaps	0	1,268,863	0	0	0	0	776,599	0
c) Forwards	0	0	0	0	0	0	0	0
d) Futures	0	0	0	0	0	0	0	0
e) Other	0	0	0	0	0	0	0	0
2. Equity securities and stock indices	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
a) Options	0	0	0	0	0	0	0	0
b) Swaps	0	0	0	0	0	0	0	0
c) Forwards	0	0	0	0	0	0	0	0
d) Futures	0	0	0	0	0	0	0	0
e) Other	0	0	0	0	0	0	0	0
3. Gold and currencies	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
a) Options	0	0	0	0	0	0	0	0
b) Swaps	0	0	0	0	0	0	0	0
c) Forwards	0	0	0	0	0	0	0	0
d) Futures	0	0	0	0	0	0	0	0
e) Other	0	0	0	0	0	0	0	0
4. Commodities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
5. Other	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**0**	**1,268,863**	**0**	**0**	**0**	**0**	**776,599**	**0**

1.3 DERIVATIVES AND HEDGING POLICIES

A.2 FINANCIAL HEDGING DERIVATIVES: GROSS POSITIVE AND NEGATIVE FAIR VALUE BY PRODUCT	*Positive and negative fair value*								Change in value used to calculate the ineffectiveness of the hedge	
	Total 2021				Total 2020					
	Over the counter				*Over the counter*					
		Without central counterparties				Without central counterparties				
Types of derivatives	Central Counterparties	With netting agreements	Without netting agreements	Organised markets	Central Counterparties	With netting agreements	Without netting agreements	Organised markets	Total 2021	Total 2020
Positive fair value										
a) Options	0	0	0	0	0	0	0	0	0	0
b) Interest rate swaps	0	8,184	0	0	0	0	0	0	0	0
c) Cross currency swaps	0	0	0	0	0	0	0	0	0	0
d) Equity swaps	0	0	0	0	0	0	0	0	0	0
e) Forwards	0	0	0	0	0	0	0	0	0	0
f) Futures	0	0	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0	0	0
Total	**0**	**8,184**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Negative fair value										
a) Options	0	0	0	0	0	0	0	0	0	0
b) Interest rate swaps	0	43,440	0	0	0	0	157,533	0	0	0
c) Cross currency swaps	0	0	0	0	0	0	0	0	0	0
d) Equity swaps	0	0	0	0	0	0	0	0	0	0
e) Forwards	0	0	0	0	0	0	0	0	0	0
f) Futures	0	0	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0	0	0
Total	**0**	**43,440**	**0**	**0**	**0**	**0**	**157,533**	**0**	**0**	**0**

1.3 DERIVATIVES AND HEDGING POLICIES

A.3 OTC FINANCIAL HEDGING DERIVATIVES - NOTIONAL AMOUNTS, GROSS POSITIVE AND NEGATIVE FAIR VALUE BY COUNTERPARTY Underlying assets	Central Counterparties	Banks	Other financial companies	Other entities
Contracts not subject to netting agreements				
1) Debt securities and interest rates	**X**	**0**	**0**	**0**
- notional amount	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
2) Equity securities and stock indices	**X**	**0**	**0**	**0**
- notional amount	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
3) Gold and currencies	**X**	**0**	**0**	**0**
- notional amount	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
4) Commodities	**X**	**0**	**0**	**0**
- notional amount	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
5) Other	**X**	**0**	**0**	**0**
- notional amount	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
Contracts included in netting agreements				
1) Debt securities and interest rates	**0**	**1,320,487**	**0**	**0**
- notional amount	0	1,268,863	0	0
- positive fair value	0	8,184	0	0
- negative fair value	0	43,440	0	0
2) Equity securities and stock indices	**0**	**0**	**0**	**0**
- notional amount	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
3) Gold and currencies	**0**	**0**	**0**	**0**
- notional amount	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
4) Commodities	**0**	**0**	**0**	**0**
- notional amount	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
5) Other	**0**	**0**	**0**	**0**
- notional amount	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0

1.3 DERIVATIVES AND HEDGING POLICIES

A.4 RESIDUAL LIFE OF OTC FINANCIAL HEDGING DERIVATIVES: NOTIONAL VALUES Underlying/Residual life	Up to 1 year	1 to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	300,000	0	968,863	1,268,863
A.2 Financial derivatives on equity securities and stock indices	0	0	0	0
A.3 Financial derivatives on currencies and gold	0	0	0	0
A.4 Financial derivatives on commodities	0	0	0	0
A.5 Other financial derivatives	0	0	0	0
Total 2021	**300,000**	**0**	**968,863**	**1,268,863**
Total 2020	**52,736**	**57,283**	**666,580**	**776,599**

B. Credit hedging derivatives

There are no items of this type.

C. Non-derivative hedging instruments

There are no items of this type.

D. Hedged instruments

There are no items of this type.

E. Effects of hedging transactions on shareholders' equity

There are no items of this type.

1.3.3 OTHER INFORMATION ON DERIVATIVES (TRADING AND HEDGING)

There are no items of this type.

1.4 LIQUIDITY RISK

QUALITATIVE INFORMATION

A. General aspects, management procedures and measurement methods for liquidity risk

Liquidity risk is the risk that the Group may not be capable of meeting its obligations at their maturity. Liquidity risk includes the possibility that the Group Companies may be unable to maintain their payment commitments due to their incapacity to obtain new funds (funding liquidity risk) and/or the incapacity to liquidate their assets in the market (market liquidity risk) due to the existence of limits on disinvestment. Liquidity risk also includes the risk of dealing with payment commitments at non-market costs or incurring a high cost of funding and/or incurring capital losses due to the disinvestment of the assets.

Liquidity risk derives from transactions carried out with customers, Treasury operations and all other transactions required to guarantee the proper functioning of the structure overall which generate liquidity requirements.

Within the strategies and operating limits established by the Board of Directors, as well as the management guidelines of the General Manager, the Parent Company's Integrated Treasury Office is responsible for ensuring effective and active liquidity management.

The General Management supervises and guides investment activities and ensures the effectiveness of the control oversight mechanisms in compliance with the strategies and restrictions approved by the Board of Directors, taking into account the opinions of the Risks and ALM Committee and the Group Financial Investment Policies Committee.

The Finance Function selects and manages financial investments on the basis of the delegated powers in compliance with the guidelines of its General Management and Group regulations, and develops proposals concerning the financial investment strategies and guidelines to be subjected to the analysis of the Group Financial Investment Policies Committee.

Furthermore, the Finance Function is responsible for supervising overall Group financial management, ensuring the maintenance of adequate liquidity conditions, the optimisation of the risk/return ratio of owned financial resources and the management of exposure to liquidity risk at global level.

The Risks and ALM Committee oversees the Group liquidity position and proposes suitable operating guidelines to optimise it.

The "Regulation on financial transactions" attributes management of the Group funding policy to the Parent Company's Finance Function, with different levels of delegation and within the approved credit lines.

Direct funding from retail customers was confirmed as the largely key component of funding sources. The additional sources of funding used by the Group are mainly represented by ECB refinancing, added to which, to a lesser extent, is the institutional funding obtained through repurchase agreements with Cassa di Compensazione e Garanzia and with institutional counterparties (zero as at the end of December 2021), and the market placement of part of the notes deriving from securitisation transactions on its own loans.

The use of the main wholesale procurement channels was possible thanks to the availability of eligible notes, including those deriving from the securitisation of loans.
At the same time, in line with what is established in the “Group financial investment policies”, the Group has pursued the strategy of investing excess liquidity primarily in government securities issued by the Italian State, traded in an active market and with the requirements established to be used to back refinancing transactions (eligible securities), so as to guarantee itself the possibility of their possible disinvestment within a brief period of time or, alternatively, access to Eurosystem sources of funds.
The inflows deriving from the liquidation of interest expense accrued on variable rate bonds are partially stabilised through recourse to the cash flow hedge accounting technique, a more detailed description of which is provided in point C of Section 2 – Market risks, paragraph 2.2.
The Parent Company’s Integrated Risk Control Office performs systematic controls over the liquidity position and the breakdown of the bank-owned portfolio, providing adequate disclosure to the General Management and the Risks and ALM Committee.
The proper management and adequate monitoring of company liquidity also involves processes, instruments and methodologies that embrace distinct areas represented by operating liquidity, structural liquidity and strategic liquidity.
Aware of this, the Group has adopted specific “Group Liquidity Policies” with a view to establishing principles and guidelines for the efficient and effective management of its liquidity, in order to respect Supervisory and internal regulations. The policy calls for the definition of liquidity risk tolerance thresholds and a system of operational risk indicators in order to monitor the evolution of liquidity risk over time, as well as promptly identify the emergence of vulnerabilities in this area.
As concerns the framework of company liquidity, the regulatory ratios established by Basel 3 recorded values equal to 294.28% and 162.39%, respectively, for the *Liquidity Coverage Ratio* and the *Net Stable Funding Ratio* (this last ratio is valued on the basis of an operational recalculation of the reporting database) at Group level as at 31 December 2021. These values are therefore significantly higher than the minimums set forth by regulations (not yet fully implemented as regards the NSFR).
The level and evolution over time of values correlated with the thresholds and indicators are constantly monitored by the Risk Control Function and brought to the attention of the Risks and ALM Committee which is responsible for overseeing their evolution over time.
As part of its dynamic management of operating liquidity, the Group has an internal procedure which, through a web interface, allows for the channelling of incoming and outgoing forecast flows from the Network and the Offices involved in the process, providing the Integrated Treasury Office with a crucial support tool for the accurate and punctual management of the daily level of liquidity, as well as the Compass procedure provided by the outsourcer Cedacri S.p.A. Furthermore, the management indicators include one which measures the available intraday liquidity.
The net financial position (structural liquidity) surveillance system is enacted through the processing by the Integrated Risk Control Office of a Liquidity Report structured on the model of a maturity ladder, in order to evaluate the balance of expected cash flows within a 12-month time-frame. According to that model, assets

and liabilities are mapped within each individual time band on the basis of the relative date of maturity, understood as the date of the individual cash flows set forth in the contract, or of possible liquidation. The trend of the gaps accumulated on the various time bands allows for the monitoring of the current and outlook liquidity situation.
Alongside this verification, reports are also developed which contemplate stress scenarios; these analyses illustrate the evolution of the liquidity position following the occurrence of events of tension and crisis at specific or systemic level.
Strategic liquidity management constitutes an integral part of the three-year development plans prepared with the participation of all management functions.
The constraint of balanced growth in loan and deposit volumes to safeguard the Group's financial position, considered a strategic objective, continues to be adequately addressed in the guidelines relating to the Group's 2022-2024 Strategic Plan and in the 2022 Budgets of the individual Group Companies.
The effective achievement of the pre-established targets is periodically verified by the Parent Company's Planning and Management Control Office through dedicated reports brought to the attention of the Top Management.
Alongside the liquidity position surveillance tools described above, as also laid out in the liquidity policy, the Group adopts risk mitigation tools, including the emergency plan (Contingency Funding and Recovery Plan). The CFRP establishes the strategies for counteracting liquidity deficits in emergency situations, and identifies the policies to be enacted in stress scenarios, indicating the responsibilities and the procedures to be followed.

The Group, aware of the central role of company liquidity management, is constantly committed in that regard with a view to further developing and refining the instruments currently used and, more generally, the entire company process of governing and managing liquidity risk, in line with the orientations seen internationally and with the provisions on the matter of liquidity dictated by prudential regulations.

Impacts deriving from the COVID-19 pandemic

With reference to liquidity risk, no changes were made to the measurement and control approaches and systems in place prior to the pandemic. The system of limits in force prior to the spread of COVID-19 also remained the same.
There were no impacts on the liquidity position resulting from the pandemic crisis.

B. QUANTITATIVE INFORMATION

1. BREAKDOWN BY CONTRACTUAL RESIDUAL MATURITY OF FINANCIAL ASSETS AND LIABILITIES: Currency: EURO Items/time	On demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Unspecified maturity
A. Financial Assets (non-derivatives)	**518,004**	**7,171**	**13,637**	**141,651**	**482,539**	**355,725**	**461,787**	**2,843,967**	**5,594,895**	**2,943,216**
A.1 Government securities	0	0	0	50,600	16,953	105,364	17,396	305,000	2,235,000	0
A.2 Other debt securities	4,322	0	0	0	114	26	930	1,546	193,134	0
A.3 Units of UCITS	37,616	0	0	0	0	0	0	0	0	0
A.4 Loans	476,066	7,171	13,637	91,051	465,472	250,335	443,461	2,537,421	3,166,761	2,943,216
- Banks	46,165	0	0	28	55	0	0	0	0	2,939,459
- Customers	429,901	7,171	13,637	91,023	465,417	250,335	443,461	2,537,421	3,166,761	3,757
B. Balance sheet liabilities	**7,823,729**	**231**	**1,544**	**11,489**	**92,292**	**193,199**	**430,956**	**4,307,629**	**622,127**	**0**
B.1 Deposits and current accounts	7,766,308	65	754	8,076	27,559	55,231	197,110	201,993	0	0
- Banks	475,814	0	0	0	593	0	0	0	0	0
- Customers	7,290,494	65	754	8,076	26,966	55,231	197,110	201,993	0	0
B.2 Debt securities	145	166	790	592	60,428	39,226	137,996	1,022,420	72,826	0
B.3 Other liabilities	57,276	0	0	2,821	4,305	98,742	95,850	3,083,216	549,301	0
C. Off-balance sheet transactions										
C.1 Physically settled fin. derivatives										
- Long positions	0	1,355	7,065	738	1,257	415	602	57	1	0
- Short positions	0	710	0	41	1,256	409	1,039	0	0	0
C.2 Cash settled fin. derivatives										
- Long positions	0	0	0	0	410	82	21,694	550	0	0
- Short positions	1	0	0	1,625	25,680	3,498	8,876	0	0	0
C.3 Deposits and loans to be settled										
- Long positions	0	0	0	0	0	0	0	0	0	0
- Short positions	0	0	0	0	0	0	0	0	0	0
C.4 Irrevocable commitments to disburse funds										
- Long positions	0	0	0	0	9,346	10	3,802	1,975	73,198	0
- Short positions	88,331	0	0	0	0	0	0	0	0	0
C.5 Financial guarantees given	10	0	0	9	19	25	41	65	0	0
C.6 Financial guarantees received	0	0	0	0	0	0	0	0	0	0
C.7 Equity settled cred. derivatives										
- Long positions	0	0	0	0	0	0	0	0	0	0
- Short positions	0	0	0	0	0	0	0	0	0	0
C.8 Cash settled cred. derivatives										
- Long positions	0	0	0	0	0	0	0	0	0	0
- Short positions	0	0	0	0	0	0	0	0	0	0

1.4 LIQUIDITY RISK

1. BREAKDOWN BY CONTRACTUAL RESIDUAL MATURITY OF FINANCIAL ASSETS AND LIABILITIES: Currency: OTHER CURRENCIES Items/time	On demand	1 to 7 days	7 to 15 days	15 days to 1 month	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Unspecified maturity
A. Financial Assets (non-derivatives)	**1,897**	**106**	**86**	**238**	**10,984**	**1,069**	**0**	**13,244**	**0**	**0**
A.1 Government securities	0	0	0	0	0	0	0	0	0	0
A.2 Other debt securities	0	0	0	0	0	0	0	0	0	0
A.3 Units of UCITS	0	0	0	0	0	0	0	0	0	0
A.4 Loans	1,897	106	86	238	106	1,069	0	13,244	0	0
- Banks	0	0	0	0	0	0	0	0	0	0
- Customers	1,897	106	86	238	10.984	1,069	0	13,244	0	0
B. Balance sheet liabilities	**28,913**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B.1 Deposits and current accounts	28,913	0	0	0	0	0	0	0	0	0
- Banks	0	0	0	0	0	0	0	0	0	0
- Customers	28,913	0	0	0	0	0	0	0	0	0
B.2 Debt securities	0	0	0	0	0	0	0	0	0	0
B.3 Other liabilities	0	0	0	0	0	0	0	0	0	0
C. Off-balance sheet transactions										
C.1 Physically settled fin. derivatives										
- Long positions	0	646	0	41	1,324	441	1,047	0	0	0
- Short positions	0	1,354	7,063	737	1,324	441	606	0	0	0
C.2 Cash settled fin. derivatives										
- Long positions	0	0	0	0	0	0	0	0	0	0
- Short positions	0	0	0	0	0	0	0	0	0	0
C.3 Deposits and loans to be settled										
- Long positions	0	0	0	0	0	0	0	0	0	0
- Short positions	0	0	0	0	0	0	0	0	0	0
C.4 Irrevocable commitments to disburse funds										
- Long positions	0	28	0	0	0	0	0	0	0	0
- Short positions	0	28	0	0	0	0	0	0	0	0
C.5 Financial guarantees given	0	0	0	0	0	0	0	0	0	0
C.6 Financial guarantees received	0	0	0	0	0	0	0	0	0	0
C.7 Equity settled cred. derivatives										
- Long positions	0	0	0	0	0	0	0	0	0	0
- Short positions	0	0	0	0	0	0	0	0	0	0
C.8 Cash settled cred. derivatives										
- Long positions	0	0	0	0	0	0	0	0	0	0
- Short positions	0	0	0	0	0	0	0	0	0	0

INFORMATION RELATING TO THE SECOND MULTI-ORIGINATOR SECURITISATION TRANSACTION

On 15 March 2017, Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. carried out the second multi-originator securitisation transaction, with the special purpose vehicle Asti Group PMI S.r.l., with registered office in Rome, via Curtatone no. 3, registered in the List of special purpose vehicles established pursuant to art. 4 of the Measure issued by the Bank of Italy on 29/04/2011 at no. 33533.0. The transaction has a revolving structure, which involves the issue of notes by the SPV with amount and maturity defined based on a portfolio of assets with variable amount and maturity. This structure includes two distinct periods: the revolving period, during which the subscribers of notes receive a series of cash flows by way of interest, while the principal repayments attributable to them are used by the vehicle to acquire new loans with analogous characteristics, in order to maintain a constant level of assets to support investors, and the amortisation period, during which the loan interest flows continue to be used for the payment of interest on the bonds and operating expenses; the principal attributable to investors is used to repay the notes. The transaction took place through the non-recourse transfer to the SPV of variable, fixed, option and bullet commercial, unsecured and mortgage loans and loans with “greater guarantee” mortgage, belonging to the “performing” and unsubsidised category, held by sole proprietorships , companies or natural persons with professional activity or natural persons connected to companies , for an initial total of € 1,185,339 thousand (of which € 856,772 thousand of Cassa di Risparmio di Asti S.p.A. and € 328,567 thousand of Biverbanca S.p.A.). The loans were transferred at their carrying amount. On 13 March 2020, Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. repurchased € 30,307 thousand in bad loans from the special purpose vehicle Asti Group PMI S.r.l.

Against the mortgages transferred, notes were issued for € 1,185,339 thousand, entirely repurchased by the originators Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. The amount was settled on 15/03/2017 through offsetting with the transferred loans. On the notes issued by the SPV, the established repayment plan has been determined on the basis of the amortisation of the transferred loans and the conditions set forth in the Offering Circular. The general aim of the securitisation transactions is to diversify the sources of funds and/or funding pools.

The eighth securitisation is a “self-securitisation” transaction: the relative notes, issued and not sold to institutional investors, but directly repurchased by the multi-originator Banks, are financial instruments usable as collateral in refinancing transactions with the European Central Bank and provide the Banks with a liquidity reserve available for short-term ordinary operations and to handle temporary unexpected financial needs, which could arise from cash flow imbalances or the current situation in the financial markets.

Type of Note	Rating as at 31/12/2021 Moody's/DBRS	Rate	Date of issue	Expected maturity date	Amount issued in total	Total amount repaid as at 31/12/2021	Total residual value as at 31/12/2021
Class A	A2/AH	3M Euribor + 0.75%	15/3/2017	29/10/2092	700,000	0	700,000
Class B	no rating	3M Euribor + 1.50%	15/3/2017	29/10/2092	485,339	0	485,339
Total					**1,185,339**	**0**	**1,185,339**

Like the other transactions, also in the eighth securitisation, a loan with limited enforceability was disbursed for € 31,850 thousand (€ 23,027 thousand by Cassa di Risparmio di Asti S.p.A. and € 8,823 thousand by Biverbanca S.p.A.), crediting the following amounts to the SPV:

- € 14,000 thousand for the Cash Reserve, broken down as follows: € 10,122 thousand for Banca di Asti and € 3,878 thousand for Biverbanca;
- € 17,800 thousand for the cash reserve called the Set-off Reserve, broken down as follows: € 12,869 thousand for Banca di Asti and € 4,931 thousand for Biverbanca;
- € 50 thousand for the provision for operating expenses, broken down as follows: € 36 thousand for Banca di Asti and € 14 thousand for Biverbanca.

The SPV also holds an additional cash reserve of € 3,500 thousand on the cash reserve account.
The full repayment of the cash reserve and the provision for expenses will take place based on available financial resources at the time of full repayment of the notes. For this securitisation transaction, there is no rate hedging through swap transactions.
The SPV determines the excess spread on a quarterly basis, which is equal to the algebraic sum of interest income relating to loans collected during the period less, in order of priority, tax charges, vehicle management costs and interest expense relating to the bond loans paid during the same period.

The excess spread (additional remuneration on B class notes) will be paid in full by the SPV to the originators, based on available financial resources, when the notes are repaid; as at 31/12/2020, it amounts to € 67,198 thousand for Cassa di Risparmio di Asti S.p.A. During the course of 2019, the SPV began to pay the additional remuneration, with amounts paid as at 31 December 2021 of € 26,607 thousand.

As at 31/12/2021, the Bank essentially retains the credit risk connected to the securitised loans, which the Bank continues to value by recognising in dedicated provisions the estimated loss in value, aside from the counterparty risk relating to the cash reserves and the provision for expenses disbursed to the vehicle and the excess spread to be collected.

The securitised loan assets were recognised in these financial statements under the item "Loans and advances to customers" in the amount of € 1.120.794 thousand.
The financial liabilities for securitised loans are recognised in "Deposits from customers" in an equal amount.

The securitisation income and expenses recognised in these financial statements are as follows:

Income		Expenses	
interest income generated by securitised assets	27,344	interest expense on notes issued	6,205
		servicing fee expense	1,144
		other expenses	884
		losses on loans	81
Total	**27,344**	**Total**	**8,314**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 13,823 thousand in overall value adjustments on the principal. Interest income on repurchased notes, amounting to € 10,673 thousand, was fully allocated against a reduction in interest expense on the notes issued.

INFORMATION RELATING TO THE TENTH SECURITISATION TRANSACTION

In December 2021, Cassa di Risparmio di Asti S.p.A. carried out the tenth securitisation transaction with the special purpose vehicle Asti Group RMBS III S.r.l., with registered office in Rome, Via Curtatone no. 3, registered in the Rome Register of Companies no. 16326891005 and registered in the List of special purpose securitisation vehicles established at the Bank of Italy pursuant to art. 4 of the Measure issued on 29/04/2011 at no. 35845.7. The transaction took place through the non-recourse transfer to the SPV of residential mortgage loans, fixed, variable and option, all secured by mortgage, for a total of € 611,784 thousand, all belonging to the “performing” category. The Bank has sold a first portfolio of initial residential loans ("Initial Loans") and subsequently during the *ramp-up* period, the duration of which is established at 24 months from the date of issue of the Notes, the Bank will be able to sell portfolios of subsequent residential loans ("Subsequent Loans").

Against the loans transferred ("initial credits"), notes totalling € 611,784 thousand (initial first payment) were issued, repurchased in full by Cassa di Risparmio di Asti S.p.A. Ownership of the notes was obtained on 02/12/2021 through offsetting with the transferred loans. On the notes issued by the SPV, the established repayment plan has been determined on the basis of the amortisation of the transferred loans and the conditions set forth in the Offering Circular.

The tenth securitisation was a "self-securitisation" transaction: the related notes, issued and not transferred to institutional investors, but directly repurchased by the Bank, may subsequently be subject to sale or repurchase agreements with third parties (including the refinancing operations of the ECB), without prejudice to the “*risk retention*” obligations which Banca di Asti will have to fulfil. The SPV has issued two classes of ordinary *Senior* Notes, class A1 and class A2; finally, it issued the *junior* class notes. Both the Class A2 Notes and the Class J Notes have a *partly-paid* structure. This means that, on the date of issue, the Class A2 Notes and the Class J Notes will be issued for their full nominal amount, with a first minimum initial payment by the subscriber. During the *ramp-up* period, the relevant subscribers will be able to make incremental payments (*Further Instalments*) in order to provide the SPV with the necessary funding for the payment of the purchase price of the Subsequent Loans that was in excess of the average tempore principal collections obtained by the SPV in relation to the Loans that would otherwise be used for the amortisation of the Class A2 Notes and the Class J Notes.

The general aim of the securitisation transactions is to diversify the sources of funds and/or funding pools.

Type of Note	Rating as at 31/12/2021 Moody's/DBRS	Rate	Date of issue	Expected maturity date	Amount issued in total	Total amount repaid as at 31/12/2021	Total residual value as at 31/12/2021
Class A	Aa3/AAL	3M Euribor + 0.70% (***)	2/12/2021	29/12/2082	523,100	0	523,100
Class A2 (*)	Aa3/AAL	3M Euribor + 0.70% (***)	02/12/2021	29/12/2082	759,500	0	100
Class J (**)	NO	Fixed 3%	02/12/2021	29/12/2082	217,400	0	88,584
Total					**1,500,000**	**0**	**611,784**

(*) *Ramp-up* security with increasing *pool factor*, first initial payment of € 100 thousand
(**) *Ramp-up* security with increasing *pool factor*, first initial payment of € 88,854 thousand
(*) Floor equal to 0% and Cap 3.5%

Similarly to the other transactions, also in the tenth securitisation, a loan with limited enforceability of € 19,239 thousand was disbursed. At the issue date of the securities, an amount of € 7,848 thousand for cash reserve and € 50 thousand for operating expenses was disbursed.
The full repayment of the cash reserve and the provision for expenses will take place based on available financial resources at the time of full repayment of the notes.

The aforementioned amount set up as a reserve will be reduced/used and replenished until its subsequent zeroing at the time of full redemption of the *Senior* Notes, according to the financial mechanisms indicated in the contracts:

- during the *ramp-up* period it is reduced at each interest payment date (IPD) to 1.50% of the residual debt of the *rated* Notes;
- at the end of this period, at each IPD it is reduced by an amount equal to the greater of 1.50% of the amount of the outstanding residual debt of the *rated* Notes at that date and the product of 0.75% and the aggregate of residual debt of the Class A1 Notes at the Issue Date and the highest residual debt reached by the Class A2 Notes during the *ramp-up*. When, on the interest payment date, the Class A note is redeemed in full, the cash reserve will be reduced to zero.

For this securitisation transaction, there is no rate hedging through swap transactions.
The SPV determines the excess spread on a quarterly basis, which is equal to the algebraic sum of interest income relating to loans collected during the period less, in order of priority, tax charges, vehicle management costs and interest expense relating to the bond loans paid during the same period. The excess spread (additional remuneration on J class notes) will be paid in full by the SPV to the originators,

based on available financial resources, when the notes are repaid; as at 31/12/2021, it amounts to € 1,812 thousand for Cassa di Risparmio di Asti S.p.A.

As at 31/12/2021, the Bank essentially retains the credit risk connected to the securitised loans, which the Bank continues to value by recognising in dedicated provisions the estimated loss in value, aside from the counterparty risk relating to the cash reserves and the provision for expenses disbursed to the vehicle and the excess spread to be collected. The securitised loan assets were recognised in these financial statements under the item "Loans and advances to customers" in the amount of € 602.194 thousand. The financial liabilities for securitised loans are recognised in "Deposits from customers" in an equal amount.
The securitisation income and expenses recognised in these financial statements are as follows:

Income		Expenses	
interest income generated by securitised assets	2,232	interest expense on notes issued	288
		servicing fee expense	102
		other expenses	31
Total	**2,232**	**Total**	**421**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 2,251 thousand in overall value adjustments on the principal. Interest income on repurchased notes, amounting to € 272 thousand, was fully allocated against a reduction in interest expense on the notes issued.

INFORMATION RELATING TO THE MANU SECURITISATION TRANSACTION

On 26 February 2018, Pitagora S.p.A. entered into a new non-recourse monthly loan transfer agreement with the special purpose vehicle Manu SPV Srl, as part of a new securitisation transaction without derecognition, for a total maximum value of € 253 million, with a 24-month ramp-up period.
The transaction refers to the assignment of performing CQS/CQP exposures (consumer credit segment). The loans were transferred at par.
Overall, during 2021, loans amounting to a total of € 145,907,323 in principal terms were transferred.

To finance the acquisition of the loans transferred by Pitagora, the SPV issued "asset backed" (partially paid) notes broken down into three classes:

- 83.17% "Senior" Notes (Class A Asset Backed);
- 7.92% "Mezzanine" Notes (Class B Asset Backed);
- 8.91% "Junior" Notes (Class J Asset Backed).

At the issue date, the Senior notes were entirely subscribed by Duomo Funding PLC, while the Mezzanine and Junior notes were entirely subscribed by the company.
Pitagora, in addition to being Originator, took on the Servicer role of managing the collection and recovery of loans transferred in the name and on behalf of the SPV. This activity enables Pitagora to maintain direct relations with its customers,

transferring principal and interest collections to accounts opened in the name of Manu SPV S.r.l. at the collection custodian bank.
In March 2020, a restructuring of the transaction was agreed with the investor, with the aim of increasing its size up to € 300 million and extending the ramp-up period by a further 12 months.
In June 2021, a further contractual *amendment* was signed in order to extend the *ramp-up* period for a further 12 months, until June 2022.

QUALITATIVE INFORMATION

A. General aspects, management procedures and measurement methods for operational risk

Operational risk is defined as the risk of suffering from losses deriving from inadequacies, malfunctioning or gaps in internal processes, human resources or systems, or due to external events. This risk encompasses "legal risk" (risk resulting from infringements or from failure to comply with laws or regulations, or poor transparency as regards the legal rights and duties of the counterparties to a transaction) and "conduct risk" (risk of losses due to the inappropriate offer of financial services and the related legal costs, including cases of conduct that are intentionally inadequate or negligent). This risk also includes, inter alia, exposure to fines, financial sanctions or penalties deriving from measures taken by the Supervisory Authority, or private settlements.

The Internal Control System constitutes a fundamental element of the overall Group Company governance system, which has as its primary objective that of guaranteeing that company operations are inspired by principles of sound and prudent management and that they are aligned with approved strategies, the policies adopted and the risk appetite.

In recent years, consistent with the guidelines contained in the Strategic Plan and in the other planning documents, the Group has developed various activities to mitigate operational risk, which have made it possible to a) increase the effectiveness and degree of coverage of first-level controls to mitigate operational risks, introducing a system for monitoring them, b) define an organisational model for operational risk control.

Over the years, also through specific organisational projects, the Internal Control System was gradually implemented to integrate within it the principles introduced with the 11th update of Bank of Italy Circular 285/2013 and, more specifically, with a view to developing, formalising within Group Policies and fully implementing an integrated methodology for the assessment of operational, compliance and reputational risks; this assessment is performed in terms of Potential Risk (i.e., assuming the absence of controls) and in terms of Residual Risk (i.e., taking into account existing controls and their concrete functioning).

In 2021, activities continued for the methodological update relating to the recognition, assessment and mitigation of risks.

The organisational model adopted provides for active and systematic interaction between the Parent Company's Operational Risk, IT Risk and Data Quality Office (which performs centralised functions for the entire Group scope) and the Organisational Units of the Sales Network and the central structure of the Group Companies, in particular through the periodic performance of Risk Self-Assessment activities; this interaction is intended to update the Risk and Control Map, continuously refine existing controls, ensure their greater effectiveness and, in general, improve the efficiency of company processes.

The Parent Company's Operational Risk, IT Risk and Data Quality Office also periodically performs monitoring on specific areas as well as verifications on the accurate and precise performance by the Organisational Units of the Group companies, of the first-level controls established; this takes place through dedicated questionnaires which the structures are called upon to complete directly with the use of suitable IT tools. The information obtained in this manner contributes, within the assessment methodology, to the proper determination of Residual Risk values.

The activity aimed at strengthening remote controls works in close connection with what was described above. In order to identify anomalous phenomena or potential areas of risk, the Internal Audit Function has set up an IT system which extracts data from company archives, processes them and aggregates them by individual party or reference relationship and assigns a risk assessment on a quantitative scale through the attribution of a score. The intent is to focus attention on anomaly indicators and intervene with corrective measures before the situation of potential risk can be aggravated and give rise to operational losses.

In parallel, on a half-yearly basis, the Parent Company's Operational Risk, IT Risk and Data Quality Office surveys and analyses the data of operational losses incurred, which are used as input for an internal database structured on the basis of the DIPO (Italian Database of Operational Losses) layout.

The duties of identifying and reporting losses are assigned to the Managers of the central structure organisational structures which, based on their responsibilities and organisational roles, have the information required to populate the database; the Parent Company's Operational Risk, IT Risk and Data Quality Office analyses the evidence collected, classifies it and checks for its correspondence with the accounting results.

The final output of this activity consists of the periodic compilation of a matrix in which the gross and net actual losses identified during the period under examination are classified on the basis of the relative type of generating event, the original time period and the company process in which they emerged.

An additional operational risk mitigation tool is represented by the Business Continuity Plan, launched by the Parent Company in 2007 and which was updated in 2021 in line with the provisions of regulations in force on the matter.

Business continuity refers to the set of all initiatives aimed at reducing, to a level deemed acceptable, the damages ensuing from any accidents and catastrophes that may directly or indirectly strike the company.

The management of Business Continuity is broken down into two phases: the first consists of carrying out the Business Impact Analysis (B.I.A.) in line with the methodology proposed by AbiLab, the objective of which is to identify the level of criticality of processes with a view to business continuity; the second phase regards drafting the Business Continuity Plan.

The Disaster Recovery Plan is an integral part of the Business Continuity Plan, and establishes the technical and organisational measures aiming to handle events which could lead to the unavailability of data processing centres, in order to allow for the functioning of significant IT procedures at alternative sites.

Further operational risk mitigation is performed by the Group Companies through insurance coverage taken out from major Insurance Companies.

The policies taken out provide adequate coverage in terms of third-party liability and with respect to service providers, as well as on damages to infrastructure that is owned, under lease or in use, in addition to the information technologies of Group Companies.

Impacts deriving from the COVID-19 pandemic

With reference to operational risks, no changes were made to the measurement and control approaches and systems in place prior to the pandemic. The system of limits in force prior to the spread of COVID-19 also remained the same.

QUANTITATIVE INFORMATION

With respect to the sources in which operational risk arises, the percentage breakdown of the losses suffered by the Group Banks is described below by type of event, according to the Supervisory Authority classification:

- internal fraud: losses owing to unauthorised activity, fraud, embezzlement or violation of laws, regulations or business directives that involve at least one internal member of staff;
- external fraud: losses due to fraud, embezzlement or violation of laws by external parties;
- employment relationship and occupational safety: losses arising from actions in breach of employment, occupational health and safety laws or agreements, payment of compensation for personal injury or episodes of discrimination or failure to apply equal treatment;
- customers, products and professional practices: losses arising from fulfilment of professional obligations to customers or from the nature or characteristics of the product or service provided;
- damage resulting from external events: losses arising from external events, including natural disasters, acts of terrorism and vandalism;
- interruption of operations and malfunctioning of systems: losses due to business disruption or system failures and disruptions;
- process execution, delivery and management: losses arising from operational and process management shortfalls, as well from transactions with business counterparties, vendors and suppliers.

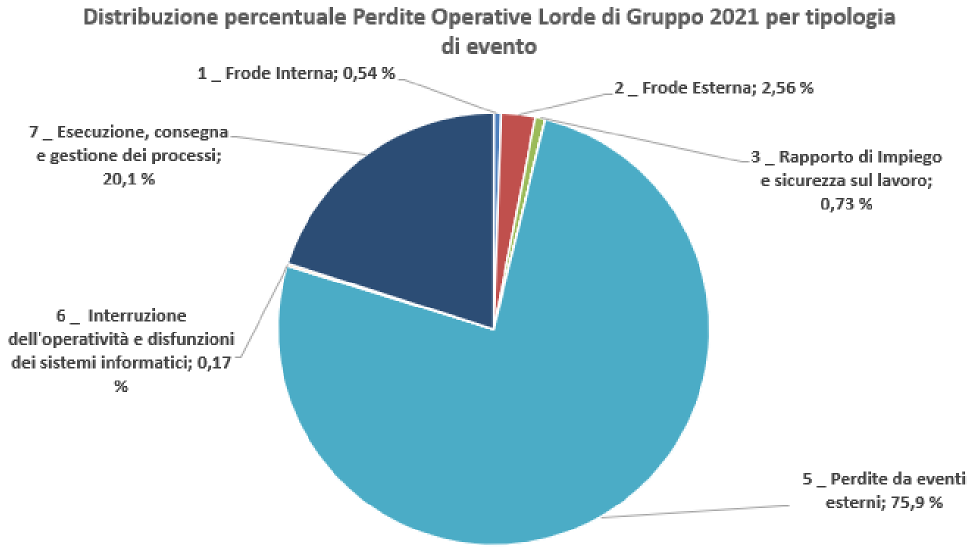
The analysis was performed with reference to events that entailed losses in gross amounts of at least € 1,000.
As of 2015, in order to generate a more precise and timely report, the analysis took into consideration not only operational losses that caused cash outflows during the year, but also estimated losses and provisions, in addition to recovery estimates.

The collection of Operational losses in Pitagora is performed on the basis of the methodology adopted by the Parent Company, obviously keeping in mind the specific nature of the Company’s business model and its organisational structure.

Based on the distribution of losses incurred in 2021,the Group operational loss events are concentrated on the following items: “Loss resulting from external events”, which mainly contains outlays of Pitagora in accordance with the Bank of Italy guidelines issued in December 2019 regarding the early settlement of consumer credit contracts, recently amended by art. 11-octies, of Law Decree no. 73 of 23 May

2021, “Process execution, delivery and management”, which contains the sums allocated in relation to disputes pending on a number of non-performing positions transferred.

The chart below summarises the breakdown of gross operational losses of the Group Companies in 2021.



Operating risk performance is subject to continuous monitoring with a view to perfecting the organisational oversight and controls, so as to effectively contain these risks, already arisen or potential.

Prevention and Protection Department

The activities carried out by the Prevention and Protection Service during 2021 were unfortunately still focused on preventing the spread of COVID-19 (coronavirus), a health, social and work emergency situation on a global scale.

The Prevention and Protection Service, in agreement with the Technical Department and with the help of the Human Resources Service, has adopted a series of information, organisational, prevention and protection measures.

These measures enabled, during the first phase, effective management of the pandemic and, later, in the presence of compatible infection rates, the gradual return to work, guaranteeing adequate levels of health and safety protection to all Bank employees.

The most important actions include the update of the Protocol regulating the measures to combat and limit the spread of the COVID-19 virus in the workplace. This Protocol, implemented when required and the result of a shared procedure, constitutes the implementation of the national measure (of 14 March 2020, as amended on 24 April 2020) and that signed by the ABI and the trade unions on 28 April 2020.

The Protocol, signed in its first edition on 17 June 2020, was jointly prepared by the Prevention and Protection Service, by the Company Doctors and by the Workers' Safety Representatives.

As expected, a Committee was set up for the application and verification of the rules contained therein, with the participation of the Workers' Safety Representatives.

Since the onset of the pandemic, meetings have been held (via remote connection) with the Workers' Safety Representatives, in order to analyse and share the actions to be taken and to verify the effectiveness of those implemented.

The Prevention and Protection Service, in agreement with the Technical Department and with the help of the Human Resources Service, continued to adopt the information, organisational, prevention and protection measures. In particular, the prevention measures were maintained and the management processes of the various cases (positive and close contacts) were adjusted, in continuity with the year 2020, following the evolution of the legislation on the subject from time to time.

In 2021, agreements were signed between the Bank and the ASLs (local health units) of Asti and Biella for the use of the properties located in via Guerra 11 in Asti and in via Carso 15 in Biella, as a hub for the COVID-19 vaccination campaign. This allowed to organise, subject to specific agreement with the Piedmont Region, vaccine administration days (1st and 2nd dose) dedicated to Group personnel who requested it.

Following the merger by incorporation of Biverbanca S.p.A. into Banca di Asti S.p.A., which was completed on 06.11.2021, the activity was carried out in close synergy between the two companies and consequently it was deemed appropriate to prepare a single explanatory report signed by the Bank of Asti.

At the same time, the Prevention and Protection Department continued its revision and updating of the Risk Assessment Documents, already previously developed for the Agencies, Branches and the Head Office, in compliance with the provisions of Italian Legislative Decree 81/2008 and subsequent amendments and additions.

The newly opened Treviso branch and the Alessandria branch, recently moved to new premises, were checked and analysed from the point of view of workplace safety. For these branches, the Risk Assessment Document is at the preparation phase and the fire evacuation maps have been drafted.

During the year, inspections were carried out in the offices of the central headquarters of Asti and Biella and in 18 branches: Acqui Terme, Agliano Terme, Bergamo, Brescia, Bubbio, Castelnuovo Belbo, Desenzano, Mombaruzzo, Monastero Bormida, Nizza Monferrato, Pavia, Quarto, Quattordio, Revigliasco D'Asti, Tortona, Valenza, Vesime and Vigliano D'Asti.

The Prevention and Protection Department, after carrying out the inspections, prepared the inspection reports and updated the Risk Assessment Documents.

All the inspections were attended by the Company Doctor, one or more of the Workers' Safety Representatives, the staff of the company ELA S.r.l. in charge of the Prevention and Protection Service and the staff of the Technical Department of Cassa di Risparmio di Asti, in order to make monitoring as complete and effective as possible.

From 1 January 2021 to date, there have been five attempted thefts (Calamandrana, Castelletto sopra Ticino, Castello di Annone, Cerrina and Revigliasco) and one robbery (Settimo Torinese).

The table below indicates the criminal events experienced in recent years:

EVENT	2017	2018	2019	2020	2021
Robberies	1	0	2	0	1
Attempted robberies	1	2	1	1	0
Thefts	7	4	2	1	0
Attempted thefts	5	0	2	9	5

In relation to the above, in the current year, the working group of Ms. Converso of the University of Turin held a single meeting aimed at analysing the psychological effects on employees at the Settimo Torinese branch resulting from the robbery.

During the current year, seven accidents involving personnel were recorded, three identified accidents "while travelling" on the home-work commute, one attributable to an accidental fall at a branch and three caused by collisions with dividers and crushing with movable walls.

As regards road accidents, a copy of the information relating to "Incidents while travelling" was delivered.
With reference to accidents occurring within the operating units (falls, collisions and crushing) none of these can be associated or traced back to structural deficiencies or to a non-compliant organisation of work activities.

As regards the training activity required under art. 37 of Italian Legislative Decree 81/2008 and subsequent amendments and additions, the data provided by the Human Resources Development Office regarding training in 2021 are reported below, showing a total of 1,366.5 hours of training, broken down as follows:

TITLE OF TRAINING ACTIVITIES	NO. OF PARTICIPANTS	TOTAL HOURS PROVIDED
FIRE FIGHTING MEDIUM RISK - ENABLING	16	128
BASIC COURSE BLS-D USING AED	6	24
COVID-19: WORK SAFELY (ABI multimedia)	120	120
COVID-19: PREVENTION MEASURES - MANAGERS	161	161
RLS (workers' safety representative) TRAINING - MODULE 2 - COVID-19 REGULATIONS	1	4
PREVENTION MEASURES FOR THE RISK OF ROBBERY	22	49.5
FIRST AID - UPDATE Compulsory training pursuant to Article 45 of Legislative Decree 81/08	34	136

RLS - ANNUAL UPDATE	6	48
SAFETY AND EPIDEMIOLOGICAL EMERGENCY	1	1.50
HEALTH AND SAFETY IN THE WORKPLACE: FIRE-FIGHTING LOW RISK - ENABLING	35	140
HEALTH AND SAFETY AT WORK - LOW RISK TRAINING (Skillacloud multimedia)	30	120
HEALTH AND SAFETY AT WORK - LEGISLATION (Skillacloud multimedia)	37	74
OCCUPATIONAL HEALTH AND SAFETY	8	24.5
SECURITY IN THE BANK: STRATEGIES AND RESPONSIBILITIES (managers)	42	336
OVERALL TOTAL	**519**	**1,366.50**

Italian Legislative Decree no. 231/2001

Regulations on the administrative liability of legal entities

The functions of the Supervisory Body established pursuant to Italian Legislative Decree 231/2001 are assigned to the Board of Statutory Auditors, in compliance with the provisions of art. 6 of Italian Legislative Decree 231/2001 as well as the Prudential Supervision Regulations of the Bank of Italy (Circular 285/13 - Title IV - Chapter 3).
During the course of 2020, the Supervisory Body continued its detailed analysis and the verification, by examining the periodic reports that the Heads of the various Company Functions are required to send pursuant to the Regulation on information flows, of the organisational oversight mechanisms for the prevention of offences relating to the areas falling within the scope of interest of the regulation. Specific controls were also put into place concerning certain risk areas, as well as follow-up controls on the results of audits from the previous year. In performing these activities, the “231/2001 Risk-offence mapping”, an integral part of the Organisational Model - Special Part, has been particularly useful as it makes it possible to contextualise the protocols defined by the Bank within company operations, in order to have overall tracking available of the risks of offences that impact the business organisation. No critical issues worthy of note emerged from the overall activities performed.

IT Risks and European Regulation 2016/679 (GDPR)

The Bank information system is based on an operating platform provided and managed by the outsourcer Cedacri S.p.A., which is capable of guaranteeing the security, quality and reliability required for all services used by the Bank. The accuracy of the description of the outsourcer’s control environment, the adequacy of the control design and the operating effectiveness of the controls themselves are periodically audited by independent auditors according to the procedures set forth in the “ISAE” 3402 - Type II International Standard.

The installation and management of other application solutions is managed and supervised directly by the Parent Company's ICT Function, in collaboration with the individual Organisational Units.

The security levels of the information system under the direct responsibility of the Group companies as well as the procedures and data processed are constantly updated in light of the evolution of technological knowledge acquired and changes in potential operational risks. All personnel are constantly updated on the evolution of regulations, risk conditions and the behaviour to be adopted to prevent harmful events.

During the course of 2021, the IT risk assessment was updated with reference to all components of the information system, taking into consideration those managed by the outsourcer, the infrastructural services provided by the ICT Functions and the applications created internally and purchased from third parties, recognising, in terms of potential risk, low levels of exposure to threats and, for significant risks, the presence of effective counter-measures.

In 2021, with a view to continuous alignment of provisions in force on personal data processing and best practices in the sector, the adaptation of internal regulations, implementation of the data processing register and personnel training continued.

Personal data is processed in compliance with reference regulations, with a particular focus on the new principles of “privacy by design” and “privacy by default” and the instructions issued by the Privacy Authority over time. In compliance with the measure of the Privacy Authority of 27/11/2008 as amended, precise oversight is maintained of “System Administrators” and with reference to Resolution of the Privacy Authority of 12 May 2011 and subsequent implementing provisions (“Privacy Authority II”), the monitoring of inquiries carried out by Group Bank personnel continued.

SECTION 1 – CONSOLIDATED SHAREHOLDERS' EQUITY

A. QUALITATIVE INFORMATION

The Group periodically evaluates the adequacy of its capital, understood as the aggregate consisting of share capital and reserves as well as total Own Funds, to support current and future activities, and compares the latter with prudential requirements, constantly monitoring surpluses.

B. QUANTITATIVE INFORMATION

The Group's shareholders' equity, inclusive of profit for the year, amounted to € 1,034,706 as at 31 December 2021. The values for shareholders' equity of Other companies refer to the securitisation vehicle and the Pitagora S.p.A. investment in Edera S.r.l., consolidated at equity.
The Group's total Own Funds, which under the previous regulations constituted Regulatory Capital, amounted to € 1,117,308 thousand.

B.1 CONSOLIDATED SHAREHOLDERS' EQUITY: BREAKDOWN BY BUSINESS AREAS Items of shareholders' equity	Prudential consolidation	Insurance companies	Other companies	Consolidation adjustments and eliminations	Total
1. Share capital	380,840	0	70	0	380,910
2. Share Premium Reserve	339,375	0	0	0	339,375
3. Reserves	235,088	0	31	0	235,119
4. Equity instruments	97,567	0	0	0	97,567
5. (Treasury shares)	-11,010	0	0	0	-11,010
6. Valuation reserves:	-46,902	0	0	0	-46,902
- Equity instruments designated at fair value through other comprehensive income	-187	0	0	0	-187
- Hedging of equity instruments designated at fair value through other comprehensive income	0	0	0	0	0
- Financial assets (other than equity instruments) designated at fair value through other comprehensive income	-30,803	0	0	0	-30,803
- Property, plant and equipment	0	0	0	0	0
- Intangible assets	0	0	0	0	0
- Foreign investments hedging	0	0	0	0	0
- Cash flow hedging	-13,555	0	0	0	-13,555
- Hedging instruments [non-designated items]	0	0	0	0	0
- Foreign exchange differences	0	0	0	0	0
- Non-current assets and disposal groups classified as held for sale	0	0	0	0	0
- Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	224	0	0	0	224
- Actuarial gains (losses) on defined benefit pension plans	-2,581	0	0	0	-2,581
- Portion of valuation reserves from investments carried at equity	0	0	0	0	0
- Special revaluation laws	0	0	0	0	0
7. Profit (Loss) for the year (+/-) attributable to the group and minority interests	39,647	0	0	0	39,647
Shareholders' equity	**1,034,605**	0	**101**	0	**1,034,706**

PART F
INFORMATION
ON CONSOLIDATED
SHAREHOLDERS' EQUITY

SECTION 1 – CONSOLIDATED SHAREHOLDERS' EQUITY

B.2 VALUATION RESERVES FOR FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN	Prudential consolidation		Insurance companies		Other companies		Consolidation adjustments and eliminations		Total	
Asset/amounts	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	18	35,701	0	0	0	0	0	0	18	35,701
2. Equity instruments	5	192	0	0	0	0	0	0	5	192
3. Loans	4,880	0	0	0	0	0	0	0	4,880	0
Total 2021	**4,903**	**35,894**	**0**	**0**	**0**	**0**	**0**	**0**	**4,903**	**35,894**

The breakdown of item 1. Debt securities is provided below, relating to securities of European Union countries.

	Total 2021	EU Issuer	
		Italy	Other European countries
Positive reserve	**18**	**18**	**0**
of which debt securities of EU countries	18	18	0
of which other debt securities	0	0	0
Negative reserve	**35,701**	**34,268**	**1,433**
of which debt securities of EU countries	35,701	34,268	1,433
of which other debt securities	0	0	0

B.3 VALUATION RESERVES FOR FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:	Debt securities	Equity securities	Loans
1. Opening balance	**561**	**49,553**	**6,966**
2. Positive changes	**198**	**58**	**104**
2.1 Fair value increases	0	58	104
2.2 Losses for credit risk	198	X	0
2.3 Reversal to income statement of negative reserves from disposals	0	X	0
2.4 Transfers to other components of shareholders' equity (equity securities)	0	0	0
2.5 Other changes	0	0	0
3. Negative changes	**36,442**	**49,798**	**2,190**
3.1 Fair value decreases	36,395	0	2,190
3.2 Recoveries for credit risk	47	0	0
3.3 Reversal to income statement from positive reserves: realised	0	X	0
3.4 Transfers to other components of shareholders' equity (equity securities)	0	35,873	0
3.5 Other changes	0	13,925	0
4. Closing balance	**-35,683**	**-187**	**4,880**

B.4 VALUATION RESERVES FOR DEFINED BENEFIT PLANS: ANNUAL CHANGES Actuarial gains (losses)	Provision for employee severance pay	Company pension fund	Non-compete agreement
1. Opening balance	**(4,928)**	**(10,222)**	**-245**
2. Positive changes	**3,302**	**10,222**	**48**
2.1 Actuarial gains	0	0	0
2.2 Other changes	3,302	10,222	48
3. Negative changes	**740**	**0**	**18**
3.1 Actuarial losses	740	0	18
3.2 Other changes	0	0	0
4. Closing balance	**(2,366)**	**0**	**(215)**

2.1 Own Funds

A. QUALITATIVE INFORMATION

As set forth in the 7th update of Circular 262 "Bank financial statements: layouts and rules for preparation", please refer to the disclosure on Own Funds and capital adequacy contained in the Group's Pillar 3 Public Disclosure. In any event, a summary qualitative and quantitative description of the Group's Own Funds is provided below.

Own funds were calculated on the basis of the provisions, applicable from 1 January 2014 and contained in Directive 2013/36/EU (CRD IV) and in Regulation no. 575/2013/EU (CRR), as amended respectively by Directive 2019/878/EU (CRD V) and by Regulation (EU) 2019/876 (CRR II), which transpose in the European Union the standards defined by the Basel Committee for banking supervision (also defined as the Basel 3 *framework*).
In order to implement the application of these EU regulations, in December 2013 the Bank of Italy issued Circular 285 "Prudential supervision regulations for banks" and Circular 286 "Instructions for preparing prudential supervision reports". Circular 285 also establishes the methods for exercising the national discretion attributed by the EU regulations to the national authorities.
The positive elements constituting Own Funds are fully available to the Group.

Starting from 1 January 2018, IFRS 9 "Classification, measurement and impairment of financial instruments" was adopted; the Group decided to rely on the opportunity to apply the transitional adjustment relating to IFRS 9 set forth in article 473 bis of the CRR according to the "static approach". This approach consists of the possibility of sterilising, in a progressively decreasing manner for a 5-year transitional period from 2018 to 2022 (95% in 2018, 85% in 2019, 70% in 2020, 50% in 2021 and 25% in 2022) the impact on Own Funds and on capital ratios which the first-time adoption (FTA) of the standard had in terms of higher adjustments on loans.

Own Funds consist of Common Equity Tier 1 (CET1), Additional Tier 1 (AT1) capital and Tier 2 (T2) capital.

SECTION 1 – CONSOLIDATED SHAREHOLDERS' EQUITY

1. **Common Equity Tier 1 (CET1)**

Common Equity Tier 1 includes share capital paid in, share premium reserves, reserves and profit for the year to be allocated to reserves as calculated by the Group in accordance with Supervisory Authority recommendations, contained in the Bank of Italy press release of 16 December 2020. The aggregate is valued by deducting the limit on the buy-back of treasury shares authorised by the Bank of Italy and applying the deductions relating to deferred tax assets based on future profitability which do not derive from temporary differences are also deducted. From 31 December 2020, for intangible assets, previously deducted from CET1, the Delegated Regulation (EU) 2020/2176 of 12 November 2020 was adopted. Since June 2021, the bank has also adopted Regulation (EU) 2019/630 of the European Parliament and the Council of 17 April 2019, amending regulation (EU) no. 575/2013 as regards the minimum coverage of losses on non-performing exposures.
The prudential filters referring to the regulatory adjustments of the carrying amounts of the valuation reserve generated by cash flow hedges and the result of changes in own credit rating on fair value option liabilities, as well as supervisory value adjustments on exposures in the financial statements measured at fair value (prudent valuation) are also applied to Common Equity Tier 1.
According to what is set forth in the above-mentioned transitional regime referring to the introduction of IFRS 9, Common Equity Tier 1 incorporates the positive component deriving from 85% of the increase in adjustments for expected losses on performing and non-performing loans, taking place during the first-time adoption of the standard.
Minority interests are also computed to the extent permitted by regulations.

2. **Additional Tier 1 (AT1) capital**

Additional Tier 1 capital is represented by the Additional Tier 1 instrument targeting institutional investors, issued by Banca di Asti at the end of November 2020 for an amount of € 100 million. These are perpetual securities (with maturity linked to the Bank's statutory duration) with early redemption option for the issuer, the exercise of which is subject to meeting applicable regulatory requirements, in the period 27 November 2025 to 27 May 2026, and on every coupon payment date thereafter.

3. **Tier 2 (TIER2 - T2) capital**

Tier 2 capital is represented by eligible instruments issued by the subsidiary Pitagora, as well as hybrid equity instruments, considered net of the buy-back limit authorised by the Bank of Italy.
This last type of instrument refers to subordinated bonds eligible for calculation, with repayment in a single instalment at the maturity date, placed in 2015.

On 19 June 2019, the Bank of Italy, following the conclusion of the periodic supervisory review and evaluation process (SREP), notified the Parent Company with a final measure of its decision on the basis of which it was established that the Cassa di Risparmio di Asti Group must hold, in addition to the minimum regulatory requirements (4.5% for CET1, 6% for Tier 1 and 8% for total Own Funds) additional capital proportionate to its risk exposure. The Supervisory Authority determined an expectation for the continuous maintenance of the following capital levels at consolidated level, inclusive of the additional requirements determined following the SREP, a Target component against higher risk exposure in stress conditions and the capital conservation buffer for 2019 equal to 2.5%: 9.0% for the CET1 Ratio, 10.5% for the TIER1 Ratio and 12.5% for the Total Capital Ratio.

The consolidated capitalisation indicators as at 31 December 2021: CET1 Ratio of 15.56%, TIER1 Ratio of 17.26% and Total Capital Ratio of 19.43% are significantly higher than the requirements specified above.

Instruments eligible for calculation in Additional Tier 1 (AT1) capital and in Tier 2 (T2) capital:

Subject to grandfathering	Issuer	ID Code	Amount calculated in own funds (€/thousand)	Nominal value of the issue (€/thousand)	Date of issue	Maturity date
No	Banca C.R. Asti SpA	XS2247614493	97,567	100,000	27/11/2020	Perpetual
No	Banca C.R. Asti SpA	IT0005117111	54,788	80,000	29/06/2015	29/06/2025
No	Banca C.R. Asti SpA	IT0005117129	44,572	65,000	29/06/2015	29/06/2025
No	Banca C.R. Asti SpA	IT0005117137	17,052	25,000	29/06/2015	29/06/2025
No	Banca C.R. Asti SpA	IT0005117376	13,259	20,000	29/06/2015	29/06/2025
No	Banca C.R. Asti SpA	IT0005222093	1,224	30,000	09/12/2016	09/12/2026

(Continued)

Currency of issue	Interest rate	Contractual provision of repayment plan with periodic amortisation (Yes/No)	Any additional early repayment clauses set forth in the contract (Yes/No)	Book value (€/thousand)
EUR	Fixed deferred gross half-yearly interest equal to 9.25%. The bonds pay a gross half-yearly coupon payable on 27 May and 27 November of each year. The interest rate is recalculated on 27/05/2026 and every 5 years thereafter.	No	Yes	97,567
EUR	Fixed deferred gross half-yearly interest on the nominal value at the gross annual rate of 4.00% The bonds pay a gross half-yearly coupon payable on 29 June and 29 December of each year.	No	No	75,279
EUR	Fixed deferred gross half-yearly interest on the nominal value at the gross annual rate of 3.00% The bonds pay a gross half-yearly coupon payable on 29 June and 29 December of each year.	No	No	62,361
EUR	Variable deferred gross half-yearly interest equal to the 6M Euribor plus a spread of 230 basis points. The bonds pay a gross half-yearly coupon payable on 29 June and 29 December of each year.	No	No	23,840
EUR	Variable deferred gross half-yearly interest equal to the 6M Euribor plus a spread of 250 basis points. The bonds pay a gross half-yearly coupon payable on 29 June and 29 December of each year.	No	No	18,415
EUR	Fixed deferred gross half-yearly interest on the nominal value at the gross annual rate of 4.00% The bonds pay a gross half-yearly coupon payable on 9 June and 9 December of each year.	No	No	1,211

B. QUANTITATIVE INFORMATION

	Total 2021	Total 2020
A. Common Equity Tier 1 (CET1) before application of prudential filters	913,806	873,352
of which CET1 instruments subject to transitional provisions	0	0
B. CET1 prudential filters (+/-)	12,788	18,823
C. CET1 gross of items to be deducted and transitional regime effects (A+/-B)	**926,594**	**892,176**
D. Items to be deducted from CET1	129,762	133,513
E. Transitional regime – Impact on CET1 (+/-), including minority interests subject to transitional provisions	98,040	154,403
F. Total Common Equity Tier 1 (CET1) (C - D +/- E)	**894,873**	**913,066**
G. Additional Tier 1 (AT1) gross of items to be deducted and transitional regime effects	97,567	97,567
of which AT1 instruments subject to transitional provisions	0	0
H. Items to be deducted from AT1	0	0
I. Transitional regime – Impact on AT1 (+/-), including instruments issued by subsidiaries which are included in AT1 due to transitional provisions	0	0
L. Total Additional Tier 1 (AT1) (G - H +/- I)	**97,567**	**97,567**
M. Tier 2 (T2) gross of items to be deducted and transitional regime effects	132,771	169,037
of which T2 instruments subject to transitional provisions	0	0
N. Items to be deducted from T2	7,903	7,903
O. Transitional regime – Impact on T2 (+/-), including instruments issued by subsidiaries which are included in T2 due to transitional provisions	0	0
P. Total Tier 2 (T2) (M - N +/- O)	**124,868**	**161,134**
Q. Total Own Funds (F + L + P)	**1,117,308**	**1,171,766**

2.3 Capital adequacy

A. QUALITATIVE INFORMATION

The Group periodically evaluates the adequacy of Own Funds to support current and future activities, applying the rules relating to capital absorption to the volumes of activities set forth in the annual budgets and the strategic plan.
In particular, the Group periodically drafts the ICAAP report, whereby it determines its capital adequacy against the risks identified.

B. QUANTITATIVE INFORMATION

Categories/Values	Non weighted assets		Weighted amounts/requirements	
	2021	2020	2021	2020
A. RISK ASSETS				
A.1 Credit and counterparty risk	**14,623,491**	**14,241,067**	**4,849,304**	**5,090,468**
1. Standardised approach	14,623,491	14,241,067	4,843,751	5,078,874
2. IRB approach	0	0	0	0
2.1 Basic	0	0	0	0
2.2 Advanced	0	0	0	0
3. Securitisations	0	0	5,553	11,594
B. REGULATORY CAPITAL REQUIREMENTS				
B.1 Credit and counterparty risk			**387,944**	**407,237**
B.2 Credit valuation adjustment risk			**10,835**	**2,342**
B.3 Settlement risk			**0**	**0**
B.4 Market risks			**47**	**200**
1. Standardised approach			47	200
2. IRB approach			0	0
3. Concentration risk			0	0
B.5 Operational risk			**61,123**	**59,943**
1. Basic approach			61,123	59,943
2. Standardised approach			0	0
3. Advanced approach			0	0
B.6 Other calculation elements			**0**	**0**
B.7 Total capital requirements			**459,950**	**469,722**
C. RISK ASSETS AND CAPITAL RATIOS				
C.1 Risk-weighted assets			**5,749,372**	**5,871,530**
C.2 CET1 capital/Risk-weighted assets (CET1 capital ratio)			**15.56%**	**15.55%**
C.3 Tier 1 capital/Risk-weighted assets (Total capital ratio)			**17.26%**	**17.21%**
C.4 Total Own Funds/Risk-weighted assets (Total capital ratio)			**19.43%**	**19.96%**

(2) As at 31 December 2021, the Group's fully-phased ratios, calculated without applying the IFRS 9 transitional provisions, amount to: CET1 Ratio 14.02%, Tier 1 15.73%, Total Capital Ratio 17.93%. All ratios are above the requirements established by the Bank of Italy following the Supervisory Review and Evaluation Process (SREP). The OCR (Overall Capital Requirement) to be satisfied, also inclusive of the capital conservation buffer of 2.5%, amount to 9%, 10.5% and 12.5% for the Group.

PART G - BUSINESS COMBINATIONS CONCERNING COMPANIES OR BUSINESS BRANCHES

SECTION 1 – BUSINESS COMBINATIONS DURING THE YEAR

Merger by incorporation of the subsidiary Biver Banca S.p.A.

On 6 November 2021, the merger by incorporation of the subsidiary Biverbanca into Banca di Asti was carried out, a business combination between companies belonging to the same Group ("*business combination between entities under common control*") excluded from the scope of application of IFRS 3 - Business combinations.

The Transaction can essentially be considered a corporate restructuring of companies belonging to the same group which does not lead to the transfer of control of the incorporated company.

Acquisition of the company We Finance S.p.A.

On 29 September 2021, the acquisition of 65% of the financial company We Finance S.p.A. was completed by the subsidiary Pitagora S.p.A.
For the Group, in relation to the company We Finance, the shareholding is 40.95% while the share attributable to minority interests amounts to 59.05%.
The acquisition of control of the company We Finance S.p.A. by the subsidiary Pitagora S.p.A entails the application of IFRS 3, which requires the consolidation of assets, liabilities and contingent liabilities of the acquired company at the respective *fair values* at the acquisition date, including any identifiable intangible assets not recognised in the financial statements of the acquired company, and the determination of goodwill as the difference between the cost of the business combination and the net *fair value* of the identified assets, liabilities and contingent liabilities.

Since the transaction had the *business combination* date of 1 October 2021, it was not possible to definitively quantify the *fair value* of the identifiable contingent assets and liabilities and, consequently, the goodwill for the purposes of preparation of the 2021 consolidated financial statements. The Group therefore made use of the provisions of IFRS 3 which provides for the possibility of making a provisional allocation of the values with the need to definitively finalise the allocation of the price paid within 12 months.

The balance sheet of the acquisition is shown below, with evidence of the provisional allocation of the acquisition price. The goodwill determined on a provisional basis is € 126.69 thousand.

Values in €/million	Carrying amount	*Provisional fair value*	Delta
Cash and cash equivalents	528.28	528.28	0.00
Financial assets measured at fair value through profit or loss	3,710.27	0.00	3,710.27
Financial assets measured at fair value through other comprehensive income	0.00	3,710.27	-3,710.27
Financial assets measured at amortised cost	2,337.15	2,337.15	0.00
Property, plant and equipment	849.87	849.87	0.00
Intangible assets	0.00	0.00	0.00
Tax assets	488.00	488.00	0.00
Other assets	1,492.06	1,492.06	0.00
A Total tangible assets	9,405.63	9,405.63	0.00
Financial liabilities measured at amortised cost	3,242.39	3,242.39	0.00
Tax liabilities	27.37	27.37	0.00
Other liabilities	2,236.13	2,236.13	0.00
Provision for employee severance pay	130.75	130.75	0.00
Provision for risks and charges	563.91	563.91	0.00
B Total liabilities	6,200.54	6,200.54	0.00
Shareholders’ equity	3,205.09		
B Total liabilities and Shareholders’ equity	9,405.63		
C Total provisional allocation (A-B)			0.00
D Tangible shareholders' equity			3,205.09
E Shareholders' equity after provisional allocation (C+D)			3,205.09
F Shareholders' equity after pro rata provisional allocation (65%)			2,083.31
G Price			2,210.00
Provisional residual goodwill (G-F)			126.69

SECTION 2 – BUSINESS COMBINATIONS AFTER THE END OF THE YEAR

No business combinations were completed after the end of the year.

SECTION 3 – RETROSPECTIVE ADJUSTMENTS

No retrospective adjustments were made during the year.

PART H – RELATED PARTY TRANSACTIONS

In compliance with the international accounting standard IAS 24, in addition to the disclosure on related-party transactions, a summary is provided of the compensation received during the year by directors, statutory auditors and executives.

1. Information on compensation of key management personnel

	4,739
a) short-term benefits for employees and directors	4,240
b) post-employment benefits	139
c) other long-term benefits	86
d) termination indemnities	-
e) share-based payments	-
f) other compensation	274

Item f) refers to the compensation of the Board of Statutory Auditors.

2. Information on related party transactions

In implementation of CONSOB Regulation no. 17221 of 12 March 2010 and subsequent amendments, as per the update pursuant to Consob Resolution no. 21624 in force from 1 July 2021 and Title V, Chapter 5 of the New Regulations for the Prudential Supervision of Banks (Bank of Italy Circular no. 263 of 27 December 2006), the Board of Directors approved the "Regulations for Related Party and Associated Party Transactions".

Related parties are as follows:

- all parties that directly or indirectly, even through Subsidiaries, trust companies or third parties:
    a. control the Group, are controlled by it, or are controlled by the same party/ies that control the Group;
    b. hold an equity investment in the Group that makes it possible for them to exercise a Significant Influence;
    c. exercise control over the Bank together with other parties.
- the Associated Companies of the Group;
- the Joint Ventures the Group is a party to;
- Key Management Personnel of the Group and of Fondazione Cassa di Risparmio di Asti, or:
    a) the members of the Board of Directors
    b) the members of the Board of Statutory Auditors
    c) the General Manager
    d) the Deputy General Manager of the Bank and the Manager Responsible for preparing the financial reports (if appointed)
    e) the members of the Board of Directors of Fondazione Cassa di Risparmio di Asti

f) the members of the Board of Statutory Auditors of Fondazione Cassa di Risparmio di Asti.
g) the General Manager of Fondazione Cassa di Risparmio di Asti

- the Close Family Members of one of the parties set out in point a) (if applicable) or d);
- the entities in which one of the parties set out in point d) or e) exercises Control, Joint Control or Significant Influence or directly or indirectly holds a significant stake, in any event of no less than 20% of the voting rights;
- collective or individual, Italian or foreign supplementary pension funds set up for employees of the Bank or of any other entity correlated thereto, in the amount in which those funds were established or promoted by the Bank or in the event that the Bank may influence their decision-making processes (which include the "Fondo Pensione Integrativo" (Supplementary Pension Fund) for the Personnel of Cassa di Risparmio di Asti S.p.A. and the "Fondo Pensione Complementare" (Supplementary Pension Fund) for the Personnel of Cassa di Risparmio di Asti S.p.A.).

The related party transactions in 2021 are shown below:

	ASSETS	LIABILITIES	SHARES	UNSECURED LOANS	CREDIT LINE MARGINS	INTEREST INCOME AND FEES AND COMMISSION INCOME	INTEREST EXPENSE AND FEES AND COMMISSION EXPENSE	DIVIDENDS	OTHER INCOME	OTHER ADMINISTRATIVE EXPENSES
Fondazione Cassa di Risparmio di Asti (a)	0	8.672	115.728	0	0	0	44	2.691	94	0
Subsidiaries (a)	0	0	0	0	0	0	0	0	0	0
Companies exercising Significant Influence (a)	506	2.830	98.608	0	0	12	0	1.532	0	41
Officers (d)	1.346	6.650	62	0	213	34	50	4	0	4.710
Other Related Parties (e, f)	32.055	28.029	114	8.663	19.905	795	192	4	8	1.705
Pension Plans (g)	0	4.321	0	0	3.000	69	0	0	0	149
TOTAL	**33.907**	**50.502**	**214.512**	**8.663**	**23.118**	**910**	**286**	**4.231**	**102**	**6.605**

In general, the Group's transactions with its Related Parties and Associated Parties are carried out in compliance with the criteria of substantive and procedural correctness, at equivalent conditions to those applied to operations concluded with independent third parties. Transactions between the Group and other Related Parties and Associated Parties are attributable to normal operations and are implemented at market conditions, equivalent to that implemented with unrelated counterparties with the same creditworthiness and, in any event, based on assessments of mutual cost-effectiveness, in compliance with existing regulations.

PART I – SHARE-BASED PAYMENT ARRANGEMENTS

There are no share-based payment arrangements.

PART L – SEGMENT REPORTING

In compliance with that set out in accounting standard IFRS 8, segment reporting refers to the organisational and management structure of the Group, based on the internal reporting system used by the company management to monitor the performance of results and make operational decisions regarding the allocation of resources.
The Group Bank perform lending, asset management and the offering of third party insurance products. For this reason, the organisational structure of the Cassa di Risparmio di Asti S.p.A. Group, as, in general, that of commercial banks, is not organised into segments or divisions. Pitagora S.p.A. and We Finance S.p.A., as the intermediaries specialising in salary and pension assignment loans, have certain particular management and operational characteristics that make it appropriate to conduct the monitoring of results.

Thus, the segments subject to reporting have been identified, summarised below:

- *Commercial Banking*: activities relating to both retail and corporate customers of the Group Banks, regarding lending, i.e. products and services relating to loans, deposits, financial, banking and payment services, financial and insurance products, asset management and credit and debit cards;
- *Investment Banking:* activities relating to the own securities portfolio and the interbank market of Group Banks;
- *Corporate Centre*: activities of governance and business support to the operation of Group Banks;
- *Specialised Banking*: activities performed by the intermediaries specialising in the segment of salary and pension assignment loans, Pitagora S.p.A. and We Finance S.p.A.

The segment income statement and balance sheet figures correspond to their respective financial statement items.
The balance sheet and income statement figures relating to the companies Pitagora and We Finance also include the values referring to the non-recourse transfer of loans.
The criteria used to determine the amounts are as follows:

- interest margin: direct attribution of the single income items;
- non-interest margin: direct allocation of single fee and commission items;
- operating costs: direct attribution, or attribution through criteria of allocation to the single organisational units;
- provisions and adjustments: direct attribution or attribution through allocation criteria.

DISTRIBUTION BY OPERATING SEGMENT - BALANCE SHEET FIGURES

SEGMENT RESULTS - BALANCE SHEET FIGURES - ASSETS	2021	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA - WE FINANCE SPA)
ASSETS					
Cash	80,296	62,766	14,884	0	2,646
Financial assets	1,557,298	0	1,556,830	0	468
Financial assets measured at amortised cost	11,753,761	6,425,076	4,650,214	1,789	676,682
- Loans and advances to banks	*2,985,695*	*0*	*2,983,260*	*50*	*2,385*
- Loans and advances to customers	*7,131,064*	*6,425,076*	*29,952*	*1,739*	*674,297*
- Other assets measured at amortised cost	*1,637,002*	*0*	*1,637,002*	*0*	*0*
Hedging derivatives	8,184	0	8,184	0	0
Equity investments	84	0	0	0	84

SEGMENT RESULTS - BALANCE SHEET FIGURES - LIABILITIES	2021	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA - WE FINANCE SPA)
LIABILITIES					
Deposits from banks	2,858,086	0	2,843,746	0	14,340
Financial liabilities held for trading	7,924	0	7,924	0	0
Direct funding	10,201,090	9,172,014	760,652	18,410	250,014
- Deposits from customers	*8,878,432*	*7,849,356*	*760,652*	*18,410*	*250,014*
- Debt securities in issue	*1,279,751*	*1,279,751*	*0*	*0*	*0*
- Financial liabilities measured at fair value	*42,907*	*42,907*	*0*	*0*	*0*
Hedging derivatives	43,440	21,183	22,257	0	0

SEGMENT RESULTS - BALANCE SHEET FIGURES - ASSETS	2020	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA - WE FINANCE SPA)
ASSETS					
Financial assets	79,202	63,041	13,851	0	2,310
Financial assets measured at amortised cost	579,027	0	578,559	0	468
- Loans and advances to banks	12,238,853	6,287,323	5,413,195	1,686	552,801
- Loans and advances to customers	*1,959,152*	*0*	*1,959,015*	*50*	*87*
- Other assets measured at amortised cost	*6,864,429*	*6,287,323*	*25,058*	*1,636*	*550,412*
Hedging derivatives	*3,415,271*	*0*	*3,415,271*	*0*	*0*
Equity investments	0	0	0	0	0

SEGMENT RESULTS - BALANCE SHEET FIGURES - LIABILITIES	2020	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA - WE FINANCE SPA)
LIABILITIES					
Deposits from banks	2,600,388	230	2,591,536	329	8,293
Financial liabilities held for trading	14,523	0	14,523	0	0
Direct funding	9,913,066	8,794,134	944,430	19,674	154,828
- Deposits from customers	*8,381,595*	*7,262,663*	*944,430*	*19,674*	*154,828*
- Debt securities in issue	*1,486,475*	*1,486,475*	*0*	*0*	*0*
- Financial liabilities measured at fair value	*44,996*	*44,996*	*0*	*0*	*0*
Hedging derivatives	157,533	29,472	128,061	0	0

PART L
SEGMENT REPORTING

DISTRIBUTION BY OPERATING SEGMENT - INCOME STATEMENT FIGURES

	SEGMENT RESULTS - INCOME STATEMENT FIGURES	2021	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA)
+	Net banking income (1)	321,679	166,949	91,826	1,494	61,410
-	Operating costs (2)	-250,259	-135,271	-5,292	-84,717	-24,979
=	Gross operating profit	71,420	31,678	86,534	-83,223	36,431
+/-	Net provisions for risks and charges	-14,375	-1,220	-69	-69	-13,017
+/-	Gains/(losses) on equity investments	0	0	0	0	0
+/-	Gains/(losses) on disposal of investments	-449	0	0	-449	0
=	**Profit/(loss) before tax from continuing operations**	**56,596**	**30,458**	**86,465**	**-83,741**	**23,414**

	SEGMENT RESULTS - INCOME STATEMENT FIGURES	2020	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA)
+	Net banking income (1)	297,502	143,316	103,849	-1,405	51,742
-	Operating costs (2)	-242,013	-138,575	-4,645	-74,994	-23,799
=	Gross operating profit	55,489	4,741	99,204	-76,399	27,943
+/-	Net provisions for risks and charges	-15,124	-4,841	-12	-236	-10,035
+/-	Gains/(losses) on equity investments	-500	0	0	-500	0
+/-	Gains/(losses) on disposal of investments	9	0	0	9	0
=	**Profit/(loss) before tax from continuing operations**	**39,874**	**-100**	**99,192**	**-77,126**	**17,908**

(1) Includes the reclassified income statement items 10 - 20 - 40 - 50 - 70 - 80 - 90 - 100 - 110 - 130 - 230
(2) Includes the reclassified income statement items 190 - 210 - 220

	CHANGES DURING 2021 COMPARED WITH 2020	2021/ 2020	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA)
+	Net banking income (1)	24,177	23,633	-12,023	2,899	9,668
-	Operating costs (2)	-8,246	3,304	-647	-9,723	-1,180
=	Gross operating profit	15,931	26,937	-12,670	-6,824	8,488
+/-	Net provisions for risks and charges	749	3,621	-57	167	-2,982
+/-	Gains/(losses) on equity investments	500	0	0	500	0
+/-	Gains/(losses) on disposal of investments	-458	0	0	-458	0
=	**Profit/(loss) before tax from continuing operations**	**16,722**	**30,558**	**-12,727**	**-6,615**	**5,504**

PART M – DISCLOSURE ON LEASES

SECTION 1 – LESSEE

QUALITATIVE INFORMATION

The scope of IFRS 16 of the Cassa di Risparmio di Asti Group includes lease agreements on real estate units, mainly for commercial activity (branches), which represent 98% of the rights of use (of which 6% due to banks) and rental contracts for the fleet of company cars and office machinery, which represent the remaining 2%.

Short-term or low value lease agreements are recorded in accordance with that set out in the accounting standard IFRS 16.

QUANTITATIVE INFORMATION

Please refer to Parts B and C of these Notes to the consolidated financial statements.

SECTION 2 – LESSOR

QUALITATIVE INFORMATION

The Cassa di Risparmio di Asti Group only has operating leases in force which mainly regard commercial leases of owned properties.

QUANTITATIVE INFORMATION

1. **Balance sheet and income statement information**
   Please refer to Parts B and C of these Notes to the consolidated financial statements.

2. **Finance leases**
   There are no items of this type.

3. Operating leases

3.1 Classification by time band of payments to be received

Time band	Total 2021	Total 2020
	Lease payments to be received	
Up to 1 year	1,431,588	1,886,873
1 to 2 years	1,378,766	1,834,052
2 to 3 years	1,207,396	1,663,546
3 to 4 years	994,405	1,453,747
4 to 5 years	634,639	1,113,298
Over 5 years	1,688,171	6,447,824
Total lease payments to be received	**7,334,965**	**14,399,340**

3.2 Other information

There is no additional information to report.

PUBLICATION OF FEES FOR AUDITING AND FOR SERVICES OTHER THAN AUDITING

In compliance with the provisions issued as part of the reform of the Consolidated Finance Act - TUF (Law no. 262 of 28.12.2005, as amended), the fees paid (net of expenses, VAT and CONSOB contribution) for auditing and control pursuant to articles 14 and 16 of Italian Legislative Decree 39/2010 and for other services provided during 2021 are summarised below.

Type of services	Description of the service	Provider of the service	Recipient of the service	Fees (€/thousand)
Auditing	Annual financial statements, half-yearly financial statements, accounting control	Deloitte & Touche S.p.A.	C.R. Asti Group	466
Other services	Other certifications	Deloitte & Touche S.p.A.	C.R. Asti Group	128
Total				**594**

Disclosure on public grants pursuant to art. 1, paragraph 125 of Law no. 124 of 4 August 2018 ("Annual Law for Market and Competition")

The provisions of art. 1, paragraph 125 of Law no. 124 of 4 August 2017, called the "Annual Law for Market and Competition" introduced new disclosure obligations for companies regarding subsidies, grants, paid assignments and, in any event, economic benefits of any type received from the public administration and equivalent entities.

The purpose of the new regulatory provisions is to guarantee greater transparency in the financial reporting system between public entities and private companies.

The disclosure obligation introduced requires the provision, from 31 December 2018 onwards, in the notes to the financial statements and in any notes to the consolidated financial statements, of disclosure of public grants received from the public administration and the other parties indicated in art. 1 of that Law. Failure to comply with the publication obligation would result in the amounts being returned to the disbursing party within three months from the publication of the financial statements.

In order to avoid the accumulation of irrelevant information, the publication obligation shall not apply where the amount of public grants received is less than € 10 thousand.

Taking account of the purpose of the regulation and the approaches that have arisen, the disclosure shall not include fees for services of the company in carrying out business, tax subsidies accessible to all companies or disbursements to customers subsidised loans, as these regard the disbursement of the funds of others.

The table below shows the amounts collected during 2021 by the Group by way of subsidies, grants, paid assignments and, in any event, economic benefits of any type.

Receiving party	Disbursing party	Amounts collected (€/thousand)	Reason
Cassa di Risparmio di Asti S.p.A. Group	Fondo Banche Assicurazioni	460	Grants for personnel training
Total		**460**	

GRUPPO CASSA DI
RISPARMIO DI ASTI

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS 2021

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Cassa di Risparmio di Asti S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Cassa di Risparmio di Asti Group (the "Group"), which comprise the balance sheet as at December 31, 2021, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Cassa di Risparmio di Asti S.p.A. (the "Bank") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Classification of performing loans and advances to customers measured at amortised cost	
Description of the key audit matter	As highlighted in the notes to the consolidated financial statements – Part B – Information on the consolidated balance sheet – Assets – Section 4 - Financial assets measured at amortised cost, at December 31, 2021 the net performing loans and advances to customers measured at amortised cost (stage 1 and stage 2) amount to Euro 6.715 million. As described in Part A – Accounting policies and in the paragraph entitled "1.1 Credit risk" qualitative information of the "Section 2 – Risks of the prudential consolidated perimeter" of Part E – Information on risks and relative hedging policies of the notes to the consolidated financial statements as at December 31, 2021, as part of its policies for the managing and classification of performing loans and advances to customers measured at amortised cost, the Group refers to sector regulations, supplemented by different processes and analysis tools based on homogeneous risk categories; these processes and tools have taken into account the uncertainty and complexity relating to the persistence of the Covid-19 pandemic. The context continued to be characterized by initiatives and concessions introduced by governments and monetary and tax authorities, whose impact on the Bank's economic and financial situation are described in the explanatory notes in the following sections: • Part B – Information on the consolidated balance sheet – Assets – Section 4 – Financial assets measured at amortised cost, table 4.4a Loans measured at amortised cost subject to Covid-19 support measures: gross value and overall value adjustments; • Part C – Information on the Consolidated Income Statement – Section 8 Net Losses/Recoveries for Credit Risk, table 8.1a Net adjustments for credit risk on financial assets measured at amortised cost: breakdown; • Part E – Information on risks and relative hedging policies – Section A – Credit quality, table A.1.5a Loans subject to Covid-19 support measures: transfers between the different credit risk stages (gross values) and table A.1.7a Loans subject to Covid-19 support measures: gross and net value; as required by the supplement dated December 21, 2021 of the "Circular n. 262 – Banks' financial statements: schemes and compilation rules" issued by Bank of Italy, which introduced a specific disclosure concerning the effects of the COVID-19 pandemic and of the measures to support the economy on risk management strategies, objectives and policies, as well as on the economic and financial situation of banks. Given the significance of the amount of performing loans and advances to customers measured at amortised cost in the financial statements, the complexity of the classification process of these loans into homogeneous risk

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	categories adopted by the Group, as well as the circumstances related to the current context following the persisting of Covid-19 diffusion that have made the identification of exposures which have incurred a significant increase in the credit risk and the following classification in *stages* provided by the international financial reporting standard IFRS 9, particularly critical and exposed to further elements of subjectivity, we considered that the classification of performing loans and advances to customers measured at amortised cost was a key audit matter for the Group's consolidated financial statements as at December 31, 2021.
Audit procedures performed	The procedures carried out as part of our audit work, also using the support of the Deloitte network specialists, and also planned taking into account the complexity and uncertainties related to the current macroeconomic context consequent to the persistence of the effects connected to the Covid-19, have included, among the others, the following: • understanding of the internal regulations and processes set up by the Group in relation to the classification and credit quality monitoring of performing loans and advances to customers measured at amortised cost to ensure their classification in accordance with the applicable regulatory framework; • checking the implementation and operating effectiveness of the relevant controls identified in relation to the processes above; • checking, on a sample of credit files, the accuracy of the classification of performing loans and advances to customers measured at amortised cost; • checking the adequacy and compliance of the disclosures provided in the notes to the consolidated financial statements in accordance with the regulatory framework and the applicable accounting standards, as well as the contents of the interpretative and supporting documents for the application of the accounting standards in relation to the impacts' persisting of the COVID-19, issued by the regulatory and supervisory bodies.
Classification and measurement of non-performing loans and advances to customers measured at amortised cost	
Description of the key audit matter	As highlighted in the report on operations in the paragraph entitled "Credit quality" and in the notes to the consolidated financial statements – Part B – Information on the consolidated balance sheet - Assets and Part E – Information on risks and relative hedging policies, at December 31, 2021 the gross non-performing loans and advances to customers measured at amortised cost amount to Euro 490 million, the connected specific write-downs amount to Euro 238 million and the related net exposure amounts to Euro 252 million.

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	The coverage ratio related to non-performing loans and advances to customers measured at amortised cost at December, 31 2021 is equal to 48,6%. In particular, the above mentioned non-performing exposures, classified according to the International Financial Reporting Standard IFRS 9 "Financial instruments" in the so-called "Stage 3", include net bad loans for Euro 84 million with a coverage ratio of 60,2%, net unlikely to pay loans for Euro 155 million with a coverage ratio of 41,1% and net past-due loans for Euro 13 million with a coverage ratio of 19,6%. The notes to the consolidated financial statements - Part A - Accounting Policies show: • the classification rules of non-performing loans and advances to customers measured at amortised cost adopted by the Group, according with the applicable banking regulations and in compliance with the accounting standards; • the procedures used in determining the recoverable amount of the above loans, based on valuation criteria that consider the various alternative scenarios formulated according with the methodologies based on the Group's credit policies for each category in which non-performing loans and advances to customers are classified. Given the significance of the amount of non-performing loans and advances to customers measured at amortised cost recorded in the consolidated financial statements, the complexity of the estimation processes adopted by the Group, which have involved a detailed classification of such loans in homogeneous credit quality categories, as well as the relevance of the discretionary components inherent in the recoverable amount's estimated nature, we considered that the classification and measurement of non-performing loans and advances to customers measured at amortised cost were a key audit matter for the Group's consolidated financial statements as at December 31, 2021.
Audit procedures performed	The procedures carried out as part of our audit work, also planned taking into account the complexity and uncertainties related to the current macroeconomic context, have included, among the others, the following: • obtaining an understanding of the rules and the managing processes set up by the Group in relation to the classification and recoverable amount estimation of non-performing loans and advances to customers measured at amortised cost in accordance with the regulatory framework and the applicable accounting standards; • checking the implementation and operating effectiveness of the relevant controls identified in relation to the above processes;

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- drawing qualitative and trend analysis of non-performing loans and advances to customers by calculating appropriate qualitative and quantitative indicators in order to identify possible matters of interest;

- checking, on a sample of credit files selected also on the basis of the matters of interest emerging from the analysis referred to in the previous point, the accuracy of the classification and determination of the recoverable amount of the above loans and advances in accordance with the regulatory framework and applicable accounting standards, also by obtaining the external confirmations by the lawyers appointed for their collection;

- checking the adequacy and compliance of the disclosures provided in the notes to the consolidated financial statements in accordance with the regulatory framework and the applicable accounting standards, as well as the contents of the interpretative and supporting documents for the application of the accounting standards in relation to the impacts' persisting of the COVID-19, issued by the regulatory and supervisory bodies.

Impairment test on goodwill	
Description of the key audit matter	As highlighted in the notes to the consolidated financial statements – Part B – Information on the consolidated balance sheet – Assets – "Section 10 – Intangible assets – Item 100", the Intangible assets as at December 31, 2021 include a goodwill of Euro 66 million, which has been allocated to two cash generating units (CGUs) identified in Cassa di Risparmio di Asti S.p.A. and the company controlled by the Bank, Pitagora Finanziamenti Contro Cessione del Quinto S.p.A.. According with the accounting standard IAS 36 "*Impairment of assets*", goodwill is not amortised but subjected to an impairment test at least annually, or more frequently when there are impairment highlights, by comparing the carrying amount with the relevant recoverable amount of the CGUs. The Directors of the Bank have subjected the goodwill to the *impairment test* through the value in use determining, by the adoption of a model based on economic and financial projections developed considering assumptions, hypotheses and parameters that are subject to a significant degree of discretion, as well as being influenced by external events and factors. In Part A - Accounting Policies and in Part B –Information on the consolidated balance sheet – Assets of the notes to the consolidated financial statements, there are provided the disclosures requested by the applicable international accounting standards, as well as the main estimates made by the Directors of the Bank which have also taken into account persistence of the Covid-19 spread's effects, in the current economic and social context.

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	In particular, disclosures are provided in relation to the carrying amount and to the determining manner of the value in use by applying the *Excess Capital* version of the *Dividend Discount Method*, developed on the basis of the capital situation at 31 December 2021 of the above CGUs and the related economic-financial projections 2022 - 2026 and 2021 – 2023 formulated respectively by the Board of Directors of the Bank and the company controlled by the Bank, Pitagora Finanziamenti Contro Cessione del Quinto S.p.A.. Given the significance of the amount of the goodwill recorded in the consolidated financial statements, the complexity and the subjectivity of the estimates relating to the value in use of the CGUs, in particular with reference to the key variables of the model adopted to develop the *impairment test*, we considered that the impairment test of goodwill was a key audit matter for the Group's consolidated financial statements as at December 31, 2021.
Audit procedures performed	The main procedures carried out as part of our audit work have included, among the others, the following: • obtaining an understanding of the process, the method and assumptions adopted by the Bank to carry out the impairment test; • critical and reasonableness analysis of the main parameters and the main assumptions adopted to determine the economic-financial projections and understand the main elements underlying their elaboration by obtaining information from the Bank; • checking the logical and mathematical accuracy of the model used; • reviewing the sensitivity analyses of the outcomes performed by the Bank based on the changes in the main parameters used in the carrying out of *impairment test*; • checking the adequacy and compliance of the disclosures provided in the notes to the consolidated financial statements in accordance with the regulatory framework and the applicable accounting standards, as well as the contents of the interpretative and supporting documents for the application of the accounting standards in relation to the impacts' persisting of the COVID-19, issued by the regulatory and supervisory bodies.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree

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no. 38/05 and to art. 43 of Italian Legislative Decree no. 136/15 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the parent company Cassa di Risparmio di Asti S.p.A. or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

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- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Cassa di Risparmio di Asti S.p.A. has appointed us on April 30, 2019, as auditors of the Bank for the years from December 31, 2019 to December 31, 2027.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Bank in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Cassa di Risparmio di Asti S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Cassa di Risparmio di Asti Group as at December 31, 2021, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the consolidated financial statements of Cassa di Risparmio di Asti

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Group as at December 31, 2021, and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Cassa di Risparmio di Asti Group as at December 31, 2021, and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Cassa di Risparmio di Asti S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Vittorio Frigerio
Partner

Turin, Italy
April 13, 2022

This report has been translated into the English language solely for the convenience of international readers.

GRUPPO CASSA DI RISPARMIO DI ASTI

ANNEXES

RECONCILIATION OF THE RECLASSIFICATIONS MADE TO THE 2020 FINANCIAL STATEMENTS

Below is the reconciliation of the reclassifications made to the 2020 Balance Sheet Scheme in compliance with the provisions of Bank of Italy Circular no. 262 of 22 December 2005 updated in November 2021 referred to in the 7th update of 29 October 2021.

(€/thousand)

BALANCE SHEET				
ASSETS		APPROVED 2020 FINANCIAL STATEMENTS DATA	RECLASSIFIED AMOUNTS	RECLASSIFIED 2020 FINANCIAL STATEMENTS DATA
10	**Cash and cash equivalents**	**63,049**	**16,153**	**79,202**
40	**Financial assets measured at amortised cost**	**12,099,664**	**-16,153**	**12,083,511**
	a) loans and advances to banks	1,975,250	**-16,153**	1,959,097

Reconciliation between the reclassified financial statements and the statutory accounts

The tables of reconciliation between the reclassified financial statements set out in the Report on Operations and the mandatory financial statements established by the Bank of Italy with Circular no. 262 of 22 December 2005, as amended, are provided below.

RECONCILIATION BETWEEN THE RECLASSIFIED BALANCE SHEET AND THE STATUTORY BALANCE SHEET

Reclassified balance sheet items - Assets	Statutory balance sheet items - Assets	31.12.2021	31.12.2020
Cash and cash equivalents		80,296	79,202
	Item 10. Cash and cash equivalents	*80,296*	*79,202*
Financial assets (other than loans)		1,557,298	579,027
	Item 20 - Financial assets measured at fair value through profit or loss	*95,449*	*78,411*
	- Item 20 a) (partial) - Financial assets held for trading	*-49,808*	*-32,090*
	- Item 20 c) (partial) - Financial assets mandatorily measured at fair value	*-1,343*	*-11,544*
	Item 30 - Financial assets measured at fair value through other comprehensive income	*1,598,165*	*655,957*
	- Item 30 c) (partial) - Financial assets measured at fair value through other comprehensive income	*-85,165*	*-111,707*
Financial assets measured at amortised cost		11,753,761	12,238,852
	Item 40 a) - Loans to banks	*2,985,679*	*1,959,152*
	Item 40 b) - Loans to customers	*8,631,766*	*10,124,414*
	+ Item 20 a) (partial) - Financial assets held for trading	*49,808*	*32,090*
	+ Item 20 c) (partial) - Financial assets mandatorily measured at fair value	*1,343*	*11,544*
	+ Item 30 c) (partial) - Financial assets measured at fair value through other comprehensive income	*85,165*	*111,707*
	- Item 40 b) (partial) - Loans to customers	*-1,637,002*	*-3,415,271*
	Item 40 b) (partial) - Loans to customers - other financial assets measured at amortised cost	*1,637,002*	*3,415,271*
Hedging derivatives		*8,184*	*0*
	Item 80 - Hedging derivatives	*8,184*	*0*
Equity investments		84	82
	Item 70 - Equity investments	*84*	*82*
Property, plant and equipment and intangible assets		287,973	291,835
	Item 80 - Property, plant and equipment	*198,791*	*203,342*
	Item 90 - Intangible assets	*89,182*	*88,493*
Tax assets		265,912	288,867
	Item 100 - Tax assets	*265,912*	*288,867*
Non-current assets held for sale and discontinued operations		*67,449*	*0*
	Item 120 - Non-current assets held for sale and discontinued operations	*67,449*	*0*
Other assets		543,463	494,629
	Item 130 - Other assets	*543,463*	*494,629*
Total assets		**14,564,420**	**13,972,494**

Reclassified balance sheet items - Liabilities	Statutory balance sheet items - Liabilities	31.12.2021	31.12.2020
Deposits from banks		2,858,086	2,600,388
	Item 10 a) - Deposits from banks	*2,858,086*	*2,600,388*
Financial liabilities held for trading		7,924	14,523
	Item 20 - Financial liabilities held for trading	*7,924*	*14,523*
Direct funding		10,201,090	9,913,066
	Item 10 b) - Deposits from customers	*8,878,432*	*8,381,595*
	Item 10 c) - Debt securities issued	*1,279,751*	*1,486,475*
	Item 30 - Liabilities designated at fair value	*42,907*	*44,996*
Hedging derivatives		43,440	157,533
	Item 40 - Hedging derivatives	*43,440*	*157,533*
Tax liabilities		86	2,056
	Item 60 -Tax liabilities	*86*	*2,056*
Other liabilities		362,192	227,757
	Item 80 - Other liabilities	*362,192*	*227,757*
Provisions for risks and charges		56,896	71,104
	Item 90 - Provision for employee severance pay	*20,213*	*19,951*
	Item 100 - Provisions for risks and charges	*36,683*	*51,153*
Shareholders’ equity		1,034,706	986,067
	Item 120 - Valuation reserves	*-48,740*	*21,081*
	Item 140 - Equity instruments	*97,567*	*97,567*
	Item 150 - Reserves	*229,741*	*130,404*
	Item 160 - Share premium reserve	*339,375*	*339,375*
	Item 170 - Share capital	*363,971*	*363,971*
	Item 180 - Treasury shares	*-11,010*	*-10,184*
	Item 190 - Minority shareholders’ interests	*29,275*	*19,868*
	Item 200 - Profit (Loss) for the year (+/-)	*34,527*	*23,985*
Total liabilities and shareholders' equity		**14,564,420**	**13,972,494**

RECONCILIATION BETWEEN THE RECLASSIFIED INCOME STATEMENT AND THE STATUTORY INCOME STATEMENT

Reclassified income statement items	Statutory income statement items	31/12/2021	31/12/2020
	Item 10 - Interest income and similar revenues	***266,597***	***294,719***
	Item 10 - Interest income and similar revenues	*267,642*	*295,919*
	+ Item 40 (partial) - Fee and commission income TLTRO2	*0*	*4,316*
	+ Item 50 (partial) - Fee and commission expense TLTRO2	*0*	*-4,316*
	+ Item 80 (partial) - Net profit (loss) from trading	*-1,045*	*-1,200*
	Item 20 - Interest expense and similar charges	***-73,707***	***-75,498***
	Item 20 - Interest expense and similar charges	*-73,707*	*-75,498*
Net interest margin		**192,890**	**219,221**
Net fees and commissions		**89,097**	**84,931**
	Item 40 - Fee and commission income	***159,840***	***143,385***
	Item 40 - Fee and commission income	*162,458*	*149,543*
	- Item 40 (partial) - Securitisation servicing	*-2,660*	*-2,767*
	- Item 40 (partial) - Fee and commission income TLTRO2	*0*	*-4,316*
	+ Item 230 (partial) - Other operating income (fast-track facility fee income)	*42*	*925*
	Item 50 - Fee and commission expense	***-70,743***	***-58,454***
	Item 50 - Fee and commission expense	*-70,743*	*-62,770*
	- Item 50 (partial) - Fee and commission expense TLTRO2	*0*	*4,316*
Net profit (loss) from trading, from hedging, from other financial assets and liabilities measured at fair value through profit or loss, gains (losses) on disposal/repurchase of financial assets and liabilities, and net adjustments/recoveries for credit risk on financial assets		**135,606**	**126,962**
	Item 80 - Net profit (loss) from trading	***70,980***	**63,580**
	Item 80 - Net profit (loss) from trading	*69,935*	*62,380*
	- Item 80 (partial) - Net profit (loss) from trading	*1,045*	*1,200*
	Item 90 - Net profit (loss) from hedging	***-50***	***760***
	Item 100 - Gains (losses) on disposal or repurchase of:	*59,949*	*61,169*
	Item 100 a) - Gains (losses) on disposal or repurchase of financial assets measured at amortised cost	***55,579***	***19,972***
	Item 100 a) (partial) - Profit on bonds: AC	*55,579*	*19,972*
	Item 100 b) financial assets measured at fair value through other comprehensive income	***5,248***	***41,714***
	Item 100 b) financial assets measured at fair value through other comprehensive income	*5,248*	*41,714*
	Item 100 c) financial liabilities	***-878***	***-517***
	Item 130 - Net losses/recoveries for credit risk	*589*	*1,152*
	Item 130 b) financial assets measured at fair value through other comprehensive income	***589***	***1,152***
	Item 110 - Net profit (loss) from financial assets and liabilities measured at fair value through profit or loss	*4,138*	*301*
	Item 110 a) financial assets and liabilities designated at fair value	***1,202***	***852***
	Item 110 b) other financial assets mandatorily measured at fair value	***2,936***	***-551***
Dividends and similar income		**10,425**	**12,058**
	Item 70 - Dividends and similar income	*10,425*	*12,058*

Other operating expenses/income		**3,338**	**276**
	Item 230 - Other operating expenses/income	*29,057*	*24,536*
	- Item 230 (partial) - Other operating expenses (amortisation of expenses on leasehold assets)	*978*	*1,071*
	- Item 230 (partial) - Other operating income (recoveries of expenses)	*-26,723*	*-24,497*
	- Item 230 (partial) - Other operating expenses (maintenance of civil buildings)	*68*	*91*
	- Item 230 (partial) - Other operating income (fast-track facility fee income)	*-42*	*-925*
Gross banking income		**431,356**	**443,449**
Gains (losses) on disposal of financial assets measured at amortised cost		**-18,135**	**-23,759**
	Item 100 a) - Gains (losses) on disposal or repurchase of financial assets measured at amortised cost	*37,444*	*-3,787*
	Item 100 a) (partial) - Profit on bonds: AC	*-55,579*	*-19,972*
Net adjustments for credit risk on financial assets measured at amortised cost		**-91,678**	**-107,615**
	Item 130 a) financial assets measured at amortised cost	*-91,678*	*-107,615*
Profits/losses from contractual changes without derecognition		**-363**	**-286**
	Item 140 - profits/losses from contractual changes without derecognition	*-363*	*-286*
Net banking income		**321,180**	**311,789**
Operating costs		**-250,259**	**-242,012**
Personnel expenses		**-131,870**	**-126,381**
	Item 190 a) - Personnel expenses	*-134,551*	*-128,802*
	+ Item 190 b) (partial) - Other administrative expenses (directors and statutory auditors)	*2,681*	*2,421*
Other administrative expenses		**-95,264**	**-91,783**
	Item 190 b) - Other administrative expenses	*-121,898*	*-116,534*
	+ Item 200 (partial) - Other operating income (recoveries of expenses)	*26,723*	*24,497*
	+ Item 200 (partial) - Other operating expenses (maintenance of civil buildings)	*-68*	*-91*
	- Item 160 b) (partial) - Other administrative expenses (directors and statutory auditors)	*-2,681*	*-2,421*
	+ Item 40 (partial) - Securitisation servicing	*2,660*	*2,767*
Net adjustments to property, plant and equipment/intangible assets		**-23,125**	**-23,848**
	Item 210 - Net adjustments to/recoveries on property, plant and equipment	*-15,928*	*-17,559*
	Item 220 - Net adjustments to/recoveries on intangible assets	*-6,219*	*-5,218*
	+ Item 200 (partial) - Other operating expenses (amortisation of expenses on leasehold assets)	*-978*	*-1,071*
Gross operating profit		**70,921**	**69,777**
Net provisions for risks and charges		**-13,876**	**-15,124**
	Item 200 - Net provisions for risks and charges	*-13,876*	*-15,124*
Other non-recurring income/charges		**-449**	**-491**
	Item 250 - Gains (losses) on equity investments	*0*	*-500*
	Item 280 - Gains (losses) on disposal of investments	*-449*	*9*
Profit before tax from continuing operations		**56,596**	**54,162**
Taxes		**-16,949**	**-12,577**
	Item 300 - Tax expense (recovery) on income from continuing operations	*-16,949*	*-12,577*
Profit from continuing operations		**39,647**	**41,585**
Profit after tax from discontinued operations			
	Item 320 - Profit (loss) after tax from discontinued operations	*0*	*0*
Profit for the year	***Item 330 - Profit (Loss) for the year***	**39,647**	**41,585**

Country-by-country reporting

Country-by-country reporting (CRD IV) as at 31 December 2021
Cassa di Risparmio di Asti Group

In order to increase the confidence of citizens in the European Union in the financial sector, art. 89 of the CRD IV (Directive 2013/36/EU) introduces obligations to publish information regarding the bank's activities, and specifically, the profits made, the taxes paid and any government grants received, broken down by country in which the bank operates.

Those obligations should be considered an important element of banks' social responsibility to the public.

The information may be published as an attachment to the financial statements or on the company website.

The following disclosure must be published annually:

a) Names of the companies based in the country and nature of their business

b) Turnover (1)

c) Number of full-time equivalent employees (2)

d) Profit or loss before tax

e) Tax on profit or loss

f) Government grants received

Notes

(1) The term "turnover" refers to the total net interest and other banking income as recorded in item 120 of the income statements of bank financial statements (see Circular 262/2005 of the Bank of Italy).

(2) The term "Number of full-time equivalent employees" refers to the ratio between the total number of hours worked by all employees, excluding overtime, and the total annual number of hours contractually required of full-time employees.

Country of establishment: Italy

Name of company and nature of business

As at 31 December 2021, the “Cassa di Risparmio di Asti Banking Group” was composed as follows:

- Cassa di Risparmio di Asti S.p.A. or, in short, Banca di Asti (Parent Company), with registered office in Piazza Libertà 23 – 14100 – Asti (AT);
- Pitagora S.p.A., with registered office in Corso Marconi 10 – 10125 - Turin (TO);
- Immobiliare Maristella S.r.l., with registered office in Piazza Libertà 23 – 14100 – Asti (AT) (operating asset);
- We Finance S.p.A., with registered office in Via Vitruvio 42 - 20124 - Milan (MI).

The Cassa di Risparmio di Asti Group’s business is conducted exclusively in Italy.
The Group mainly conducts banking activities of funding and lending, as well as the provision and intermediation of payment services, insurance services (both life and non-life businesses, based agreements with leading insurance companies) and health insurance (through a service for households, operating as part of medical and healthcare benefits).
The offer is traditionally targeted to individual investors and SMEs (artisans, retail and wholesale companies, agricultural and industrial companies), without excluding large leading companies operating on their reference markets, supported by a geographical network comprised of 213 branches, of which 183 in Piedmont, 23 in Lombardy, 3 in Valle d’Aosta, 1 in Liguria and 3 branches for the Veneto region, as well as the option for customers to access the services that can be used through e-banking and the POS and ATM networks. Pitagora S.p.A. grants salary and pension assignment loans and has 84 branches throughout the country.

Turnover

As at 31 December 2021, the turnover amounted to € 411,912 thousand, all earned in Italy.

Number of full-time equivalent employees

As at 31 December 2021, there were 1,875 full-time equivalent employees, of which 1,703 with a full-time contract. Of this total, 1,651 were in service with the Parent Company, 195 with Pitagora S.p.A. and 29 with We Finance S.p.A.

Profit before tax

As at 31 December 2021, the profit (loss) before tax from continuing operations amounted to € 56,596 thousand. There are no components regarding discontinued operations.

Income taxes

As at 31 December 2021, the item “income tax for the year” showed a negative balance of € 16,949 thousand.

Government grants received from Fondo Banche Assicurazioni

During 2021, the Group received grants for carrying out personnel training for a total of € 460 thousand.

In this regard, note that, in compliance with the provisions set out for preparing the disclosure in question, this category of contributions excludes transactions conducted with central banks for the purpose of financial stability and transactions performed with the objective of facilitating the transmission mechanism of monetary policy.