CONSOLIDATED FINANCIAL STATEMENTS 2022

GRUPPO CASSA DI RISPARMIO DI ASTI

www.bancadiasti.it

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Registered Office and General Management:
14100 Asti – Piazza Libertà 23

www.bancadiasti.it info@bancadiasti.it

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Amounts are shown in €/thousand

MAIN BALANCE SHEET DATA	31/12/2022	31/12/2021	CHANGES	
			Absolute	%
NET LOANS AND ADVANCES TO CUSTOMERS	7,555,358	7,131,064	424,294	5.95%
DIRECT FUNDING	10,316,831	10,201,090	115,741	1.13%
INDIRECT FUNDING	6,838,936	7,058,297	-219,361	-3.11%
TOTAL BALANCE SHEET ASSETS	14,675,110	14,564,420	110,690	0.76%
TOTAL OWN FUNDS	1,017,698	1,117,308	-99,610	-8.92%

MAIN INCOME STATEMENT DATA	31/12/2022	31/12/2021	CHANGES	
			Absolute	%
NET BANKING INCOME	331,264	302,956	28,308	9.34%
OPERATING COSTS	-267,681	-250,259	-17,422	6.96%
NET PROFIT	36,193	39,647	-3,454	-8.71%
OPERATING PROFIT (1)	51,437	40,721	10,716	26.32%

OTHER DATA AND INFORMATION	31/12/2022	31/12/2021	CHANGES	
			Absolute	%
EMPLOYEES	1,810	1,875	-65	-3.47%
BANK BRANCHES	209	213	-4	-1.88%
NON-BANKING BRANCHES	85	84	1	1.19%
NUMBER OF CUSTOMERS	522,626	503,104	19,522	3.88%

INDICATORS

PROFITABILITY INDICATORS	31/12/2022	31/12/2021
OPERATING COST INCOME (2)	59.66%	60.19%
ROE	3.54%	4.06%
OPERATING ROE (1)	5.03%	4.17%

RISK INDICATORS	31/12/2022	31/12/2021
NET BAD LOANS/NET LOANS TO CUSTOMERS	1.05%	1.20%
COVERAGE RATIO FOR BAD LOANS (3)	54.75%	60.59%
COVERAGE RATIO FOR TOTAL NON-PERFORMING LOANS	42.93%	48.62%
TEXAS RATIO (3)	34.67%	42.02%
FINANCIAL LEVERAGE (4)	15.35	15.31

CAPITAL RATIOS (5)	31/12/2022	31/12/2021
CET 1 RATIO (CET1/RWA)	14.00%	15.56%
TIER 1 RATIO (TIER1/RWA)	15.64%	17.26%
TOTAL CAPITAL RATIO (TOTAL OWN FUNDS/RWA)	17.12%	19.43%

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) *Calculated net of the extraordinary contributions to the FRN, the contribution to the Solidarity Fund and the Lexitor provision; the figure for 2021 was recalculated using homogeneous criteria*
(2) *The index was calculated excluding extraordinary charges relating to the Solidarity Fund and the banking system; the 2021 index was recalculated with homogeneous criteria.*
(3) *Bad loans are shown net of interest on arrears deemed wholly unrecoverable.*
(4) *Calculated as the ratio of total assets net of intangible assets (numerator) and shareholders' equity net of intangible assets (denominator).*
(5) *Group phase-in coefficients*

KEY CONSOLIDATED OPERATING DATA

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(Amounts are shown in €/thousand)	31/12/2022	31/12/2021	CHANGES	
			Absolute	%
ASSETS				
Cash and cash equivalents	1,614,941	80,296	1,534,645	1,911.23
Financial assets other than loans (FVPL and FVOCI)	1,253,947	1,557,298	-303,351	-19.48
Financial assets:	10,304,683	11,753,761	-1,449,077	-12.33
- of which loans and advances to banks	*85,880*	*2,985,695*	*-2,899,815*	*-97.12*
- of which loans and advances to customers	*7,555,358*	*7,131,064*	*424,294*	*5.95*
- of which other financial assets measured at amortised cost	*2,663,444*	*1,637,002*	*1,026,442*	*62.70*
Hedging derivatives	176,574	8,184	168,390	n.c.
Equity investments	86	84	2	2.38
Property, plant and equipment and intangible assets	290,811	287,973	2,838	0.99
Tax assets	251,976	265,912	-13,936	-5.24
Non-current assets held for sale and discontinued operations	3,987	67,449	-63,462	n.c.
Other assets	778,105	543,463	234,642	43.18
TOTAL ASSETS	**14,675,110**	**14,564,420**	**110,690**	**0.76**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits from banks	2,962,473	2,858,086	104,387	3.65
Financial liabilities held for trading	2,131	7,924	-5,793	-73.11
Direct funding	10,316,831	10,201,090	115,741	1.13
- of which deposits from customers	*9,115,721*	*8,878,432*	*237,289*	*2.67*
- of which debt securities in issue	*1,161,343*	*1,279,751*	*-118,408*	*-9.25*
- of which financial liabilities designated at fair value	*39,767*	*42,907*	*-3,140*	*-7.32*
Hedging derivatives	7,785	43,440	-35,655	-82.08
Tax liabilities	804	86	718	834.88
Other liabilities	290,146	362,192	-72,046	-19.89
Provisions for risks and charges	57,521	56,896	625	1.10
Shareholders' equity	1,011,145	1,005,431	5,714	0.57
Minority shareholders' equity	26,274	29,275	-3,001	-10.25
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**14,675,110**	**14,564,420**	**110,690**	**0.76**

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)	31/12/2022	31/12/2021	CHANGES Absolute	CHANGES %
INTEREST MARGIN	**210,275**	**192,890**	**17,385**	**9.01**
Net fees and commissions	104,412	89,097	15,315	17.19
of which Commercial banking	*138,571*	*131,042*	*7,529*	*5.75*
of which Pitagora	*-34,159*	*-41,945*	*7,786*	*-18.56*
Net profit (loss) from trading, hedging, assets/liabilities measured at fair value through profit or loss and at fair value through other comprehensive income, gains/losses on disposal of loans (Pitagora)	106,099	117,382	-11,283	-9.61
of which Commercial banking	*44,942*	*53,607*	*-8,665*	*-16.16*
of which Pitagora (net of provisions for prepayment) (1)	*61,157*	*63,775*	*-2,618*	*-4.11*
Dividends and similar income	10,417	10,425	-8	-0.08
Other operating expenses/income	4,819	3,338	1,481	44.37
GROSS BANKING INCOME	**436,022**	**413,132**	**22,890**	**5.54**
Gains/Losses on disposal of financial assets measured at amortised cost	-59,213	-18,135	-41,078	226.51
Net adjustments for credit risk on financial assets measured at amortised cost	-45,401	-91,678	46,277	-50.48
Profits/losses from contractual changes without derecognition	-144	-363	219	-60.33
NET INTEREST AND OTHER BANKING INCOME	**331,264**	**302,956**	**28,308**	**9.34**
Operating Costs:	-267,681	-250,259	-17,422	6.96
Personnel expenses	-142,841	-131,869	-10,972	8.32
of which personnel expenses	*-135,282*	*-131,890*	*-3,392*	*2.57*
of which allocations to the Solidarity Fund	*-7,559*	*21*	*-7,580*	*n.s.*
Other administrative expenses	-100,329	-95,266	-5,063	5.31
of which other administrative expenses	*-86,547*	*-81,667*	*-4,880*	*5.98*
of which contributions to the National Resolution Fund, S.R.F. and D.G.S.	*-13,782*	*-13,599*	*-183*	*1.35*
Net adjustments to property, plant and equipment/intangible assets	-24,511	-23,124	-1,387	6.00
GROSS OPERATING PROFIT (LOSS)	**63,583**	**52,697**	**10,886**	**20.66**
Net provisions for risks and charges	-12,347	4,348	-16,695	-383.97
Gains (losses) on equity investments	0	0	0	n.c.
Other non-recurring income/charges	140	-449	589	-131.18
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**51,376**	**56,596**	**-5,220**	**-9.22**
Taxes	-15,183	-16,949	1,766	-10.42
PROFIT FROM CONTINUING OPERATIONS	**36,193**	**39,647**	**-3,454**	**-8.71**
PROFIT FOR THE YEAR	**36,193**	**39,647**	**-3,454**	**-8.71**

(1) The figure for 2021 was recalculated with homogeneous criteria, reclassifying the prepayment provisions.

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".

GLOBAL ECONOMIC TRENDS

The macroeconomic scenario

In 2022, the global economy suffered from high inflation, high uncertainty related to the war in Ukraine and the restrictive stance of monetary policies. In the fourth quarter, economic indicators and available national statistics reported a worsening of the situation, more marked in advanced countries and in China. The slowdown in global demand contributed to moderating the price of oil. In Europe, natural gas prices fell sharply during the year thanks to the mild temperatures recorded in the autumn, the drop in industrial demand and the consistent accumulated stockpiles, albeit remaining at historically high levels. Strong risks remain associated with the evolution of the geopolitical context. Inflation, despite some signs of decline, remained high and the central banks of the main advanced countries continued to tighten monetary policy.

In the main advanced economies, the slowdown in economic activity is due to the weakening of demand and the start of a monetary tightening cycle in the first months of the year. The easing of pandemic-related restrictions and supply-side bottlenecks since the spring, together with falling energy prices, supported activity until the third quarter. For the fourth quarter of 2022, it is estimated that global GDP growth in real terms (excluding the euro area) will slow down to 0.3% compared to the previous period, compared to 1.1% in the third quarter. In 2022, world GDP growth[1] in real terms fell to 3.3% and, according to projections, is expected to slow further to 2.6% in 2023, reflecting a significant decline in growth in advanced economies, including the United States and the United Kingdom. It is expected that some emerging economies may be able to better cope with the current unfavourable conditions, by virtue of lower macro-financial vulnerabilities compared to previous cycles of financial tightening, in particular in terms of lower inflation, lower debt exposures denominated in US dollars and reduced exchange rate mismatches. However, significant heterogeneity remains even within this group and the prospects remain fragile for some countries, such as China, due to the difficulties of the residential sector and the recent resurgence of coronavirus (COVID-19) infections. The slower pace of growth in Latin American countries and the intensification of the recession in Russia, despite a further significant upward revision of growth, in particular for 2022, are holding back the expansion prospects for emerging economies.

Since mid-October, the price of oil (Brent quality) has decreased as a result of the slowdown in global demand; on 5 December 2022, the embargo of the European Union countries on the import of Russian crude oil came into force, and the contextual ceiling established by the G7 members on the price of Russian oil exported to third countries to be reviewed every two months based on the market conditions. Since mid-October, the price of natural gas traded on the Dutch Title Transfer Facility (TTF) market has fallen sharply, reaching an average value of just under € 70 per megawatt-hour in the first half of January '23, however a level that is still historically high. The reduction is attributable to favourable weather conditions during the autumn and the

[1] Source: European Central Bank - ECB Economic Bulletin, no. 8 - 2022 - January 2023

decline in industrial demand in Europe which, in the presence of substantially stable gas inflows, made it possible to maintain storage at maximum levels.

In December 2022, the EU countries agreed on a corrective mechanism to the price of natural gas that will come into force from February '23. This mechanism will be applied if the price on one-month deliveries traded on the TTF exceeds € 180 per megawatt-hour and at the same time deviates by more than € 35 from the average price of liquefied natural gas (LNG) in the European market for more than three consecutive days; so far these conditions have only occurred for a short period between August and September of last year, at the height of tensions in the natural gas market.

The prices of futures contracts fell, remaining below € 70 per megawatt-hour over time horizons of up to twelve months. However, prices remain characterised by pronounced volatility, also connected with the risks for procurement linked to both geopolitical tensions and the possible recovery of LNG demand from Asia. In the autumn industrial metal prices rose modestly, driven by the prospect of a recovery in Chinese demand following the removal of the measures to contain the pandemic; however, they still remain at significantly lower values than the peak recorded at the beginning of 2022. On the other hand, after a slight rise in the summer, agricultural commodity prices fell, also thanks to compliance with the Ukrainian wheat export agreement.

Global financial conditions are essentially unchanged from previous projections and remain tense. Initially, financial conditions worsened in advanced and emerging economies. Further surprises on the rise in inflation led central banks to maintain a rapid pace of tightening of monetary policy, leading to an increase in bond yields and protracted falls in the prices of risky assets. After two quarters of moderate contraction, the US economy recorded a return to growth, but underlying domestic demand remained weak. Net exports and investments in sectors other than residential construction were the main components of growth in the third quarter of '22. Looking ahead, domestic demand should remain weak as high inflation and the tightening of financial conditions continue to erode the real disposable income of households and slow down private consumption, while the sharp decline in new homes under construction, associated with lower housing financial accessibility and the increase in mortgage lending rates, should weigh on investments in residential construction. In October, overall inflation fell more than expected to 7.7%. Although still high in historical comparison, it is believed that overall inflation has reached a maximum in a context in which the energy and food indices have continued to moderate. Core inflation over the twelve months fell to 6.3%, but is expected to remain more persistent in 2023 due to the upward pressures exerted by service inflation (such as high rents).

In China, real GDP growth in 2022 is expected to be significantly below the 5.5% target set by the authorities. Between October and November, stringent measures to contain the pandemic were adopted, which led to interruptions in production activities and increasing social tensions, with a consequent marked deterioration of the economic framework. The government then decided on a sudden relaxation of these policies at the beginning of December: the positive effect on domestic demand was offset by the negative effect of a new strong wave of infections in a context characterised by a low level of immunisation of the population and by inadequacy of the national health system.

In Japan, real GDP in the third quarter suffered an unexpected contraction attributable to the strength of imports in a context in which domestic demand remained relatively solid, supported by the lifting of the containment measures linked to the pandemic. Real GDP was expected to grow in the last quarter of 2022, supported by the reopening of the economy, the increase in spending on services and the ongoing support offered by economic policies. Growth should moderate slightly in the coming months, as the contribution of foreign demand is expected to decrease significantly in the presence of a weakening of global demand. Total twelve-month inflation increased considerably during 2022, in a context characterised by higher food and energy prices and the exhaustion of negative base effects. In the short term, inflation is likely to remain at current levels, but should gradually decrease in 2023, due to declines in commodities and contained internal inflationary pressures.

In the United Kingdom, the outlook for real activity weakened further after the contraction in GDP in the third quarter. High consumer inflation, rising mortgage lending costs and tense financial conditions are putting a strong brake on consumption and private investment. The budgetary measures announced in November are expected to slightly increase the fiscal deficit in the short term but will contribute to the consolidation of public accounts in the medium term. The economy is expected to contract from the third quarter of 2022 until the second quarter of 2023. At the same time, labour market conditions remain tense and the spread of wage pressures is contributing to the persistence of domestic inflation. Inflation is expected to reach a peak of around 11%, a level significantly lower than that indicated in the macroeconomic projections formulated by the ECB experts in September 2022, due to the energy price guarantee established by the government.

In Russia, the economy entered a severe recession in 2022. With real GDP declining markedly in the second quarter and remaining almost 5% lower in the third quarter than before the invasion, Russia is now experiencing a severe recession. The economy recorded a more moderate decline in exports than previously expected, while imports decreased significantly, especially from sanctioning countries. The economy is expected to contract further at the end of 2022 and in 2023, as sanctions have an increasingly negative impact on the country's production capacity, international trade and domestic demand. After the gradual decline in recent months, inflation should remain high in the short term, with only a gradual return to the 4% target, set by the Russian Central Bank, around the end of the projection time horizon.

The scenario in Europe

The macroeconomic projections for the euro area formulated in December 2022 predict annual GDP growth in real terms of 3.4% in 2022[2].
Economic activity slowed down sharply in the third quarter of 2022, after strong growth in the first half of the year. GDP growth in real terms compared to the previous period fell to 0.3% in the third quarter, after an average of 0.7% in the first and second quarters of the year. Consumption maintained a solid base, thanks to a lively trend in private services, which more than offset the negative contribution of consumption of goods, and a further modest contribution from collective consumption. Investments appeared to be expanding strongly, with an increase of 3.6% on the previous quarter, although this is largely attributable to the extraordinary growth of intellectual property products (IPP) in Ireland. Investments of companies in fixed assets have suffered a clear slowdown and investments in construction have further reduced.

Net exports made a negative contribution to overall GDP growth in real terms as import growth, again driven in part by trends in Ireland, outpaced that of exports.

The most recent trend shows that manufacturing production is settling at a low level, as the strong contribution of automotive production observed at the beginning of the year seems to be stabilising. The economic climate index of the European Commission decreased further in the fourth quarter, reflecting the continuing deterioration in the climate of confidence in the industry in October and November, in the presence of a decline in activity levels and stocks of finished products, while new orders fell further below the average of the third quarter. On the other hand, financial limitations increased significantly in October, although they continue to play a minor role compared to other factors. These indicators point to weak prospects for investments in the coming months. At the same time, the climate of consumer confidence has shown resilience, having recovered from the all-time lows of September, in the wake of the budget and labour market measures introduced to support household disposable income.

Price pressures remained intense, mainly due to the indirect effects of energy costs. The supply-side bottlenecks and the effects of the recovery after the pandemic eased, albeit still affecting inflation, in line with the previous depreciation of the exchange rate. According to macroeconomic projections for the euro area, inflation is expected to be equal to 8.4% on average for 2022, to then decrease again in 2023, 2024 and 2025.

The scenario in Italy

In Italy, GDP continued to increase in the summer quarter; according to the indications of the models, the cyclical phase weakened in the last three months of 2022. In addition to the slowdown deriving from the still high energy prices, the attenuation of the strong recovery of the added value of services observed after the most intense phase of the health crisis would also have had an impact.
In the summer months, GDP in Italy increased by 0.5% compared to the previous quarter, almost 2 percentage points higher than the value recorded before the

[2] Source: European Central Bank - ECB Economic Bulletin, no. 8 - 2022 - January 2023

pandemic. Growth was supported by domestic demand. Household consumption continued to expand; gross fixed investments increased, albeit to a lesser extent than in the previous period, due to the contraction in the construction component, observed for the first time since the beginning of 2020. On the other hand, foreign trade subtracted 1.3 percentage points from the GDP trend: exports stagnated in the face of a marked increase in imports. On the supply side, value added increased in services, particularly in those linked to leisure and tourism activities, while it decreased in industry.

According to the estimates of the Bank of Italy models, in the fourth quarter economic activity weakened compared to the previous period; the effects of persistently high energy prices and the attenuation of the recovery of the sectors most affected by the pandemic, such as trade, transport and hospitality services, would have been affected it. Overall in 2022, GDP is expected to increase by almost 4%.

Based on estimates (which take into account both the most recent high-frequency data relating to electricity and gas consumption and motorway traffic and the assessments expressed by companies in December), industrial production decreased in the fourth quarter. Since the beginning of the summer, the sectors with the greatest decline are those with the most intense use of energy inputs. The opinions expressed by manufacturing companies on the average in the fourth quarter indicate a decline in activity, as shown by both the PMI index and the ISTAT surveys. The historically high levels of energy prices and the uncertainty associated with the conflict in Ukraine continue to weigh heavily.

Investments slowed down in the third quarter (to 0.8% over the previous period), reflecting the reduction in construction spending against an acceleration in that of plant and machinery. In the summer quarter, household spending grew significantly, driven by all components except non-durable goods. The disposable income of households in real terms increased slightly over the previous three months, also thanks to the support deriving from government interventions. The propensity to save fell to 7.1%, returning to the values observed before the health crisis. The set of measures ordered by the Government to mitigate the prices of energy goods and to support disposable income mitigated the impact of the inflationary shock on household purchasing power in 2022 and strongly mitigated the increase in income inequality. Despite the extension of government measures, spending would have slowed down in the final part of the year in line with the decline, albeit modest, in the average consumption indicator of Confcommercio in October and November.

The growth of permanent employment positions continued, supported by the numerous transformations of temporary contracts activated during 2021. The demand for labour started to increase again to a limited extent in the October-November two-month period. The trend in remuneration remained moderate, partly due to the protracted negotiations in some service segments, where the share of employees awaiting renewal of the collective agreement is still significant. The use of wage subsidies has stabilised on the whole, after a rapid decline in the first half of the year, showing signs of recovery in the energy-intensive sectors. The growth in demand for labour also came to a halt due to the decrease in fixed-term contracts, which was affected by the decline in services; on the other hand, the expansion of the permanent component continued. For the fourth consecutive quarter, the number of self-employed workers increased, although it remains almost 5% lower than at the end of 2019.

In the fourth quarter, the expectations of businesses and households showed signs of stability. The indicator developed by the European Commission on the expectations of Italian companies regarding employment at three months has remained substantially stable and compatible with an increase in labour demand; household expectations on unemployment improved. In the third quarter, the unemployment rate stood at historically low values, down by 7.9%, by 0.2 percentage points compared to the previous quarter: the decline largely reflects the reduction in the population in working age, not offset by the trend in the participation rate, which increased slightly only in the over 50 age bracket. Other indicators of tension on the labour market developed by Eurostat show that the degree of under-utilisation of the workforce, after the peak reached during the pandemic, has returned to levels lower than those of 2019. The increase in the cost of hourly labour (1.6%) was slightly more contained, due to the continuation of the decline in social security contributions borne by the employer. Contractual salaries, on the other hand, increased by 1.2% on an annual basis, 3 tenths more than in the previous period. The agreements signed in the second half of 2022 in the electricity, gas and water and insurance sectors resulted in increases of between 2% and 3% per year on average, essentially in line with the trend of the harmonised index of consumer prices net of imported energy goods envisaged by ISTAT for the period of validity of the contracts and published last June. In the trade sector, a bridging agreement was signed in December, which provides for the disbursement of a one-off payment and a slight increase in salaries starting from next April, pending the definitive renewal.

In 2023, the wage trend is expected to accelerate moderately, partly mitigated by the protracted negotiation processes in some private service sectors, where the share of employees awaiting renewal is still high (around 67% in November).

In the autumn months, inflation reached new highs, driven by the energy component, which is still being transmitted to the prices of other goods and services and is causing a moderate strengthening of core inflation. The trend in consumer prices continued to be mitigated by energy measures. The first signs of an easing of inflationary pressures are emerging in household and business expectations. In December, harmonised consumer inflation remained high (12.3%), although it decreased slightly compared to the previous two months. The energy component and that of foodstuffs, although in modest attenuation, are confirmed at historically high values (65.1% and 11.6%, respectively). Energy prices continue to show high volatility, particularly accentuated in the unregulated components. The exceptional increase in the prices of energy goods contributes to consumer inflation both directly and indirectly through an increase in production costs; considering the direct and indirect effects, it is estimated that in the last quarter of 2022 just over 70% of inflation is attributable to the energy shock. Core inflation rose again (4.8%), driven by both the services component and the non-energy industrial goods component. Considering only the government measures that have a direct effect on the consumer price index, the overall brake on inflation would have been more than one percentage point on the average in the fourth quarter, of which about half would be attributable to the reductions in gas and electricity bills. For the first three months of 2023, the Regulatory Authority for Energy, Networks and the Environment (ARERA) announced a drop in electricity tariffs on the regulated market of about 20% on the previous quarter, determined by both the decline in wholesale prices on the energy markets and the measures approved with the budget law for 2023. On average in the October-November two-month period, inflation to the production of industrial products sold on the domestic market decreased compared to the summer months, although it remained at high levels. This trend is mainly due to the slowdown in the prices of energy goods and to a lesser extent to the reduction in inflation of intermediate goods, underway since the third quarter.

The banking market

Between August and November, bank loans to the non-financial private sector slowed down, reflecting the weakening demand from businesses for investment purposes and that of households for home purchases; the offer conditions recorded a moderate restriction. The increase in official rates started in July is being transmitted to the cost of bank credit. Credit quality deterioration rates remained low; the profitability of significant banking groups increased. In November, the trend in loans to the non-financial private sector fell to 1.4% over the three months (from 3.1% in August, on an annual basis). The slowdown mainly reflected that of loans to non-financial companies, whose expansion has essentially come to a halt. The trend in loans to households also decreased (to 3.1%), mainly due to the trend in mortgages for home purchases.

The demand for credit from households, both for home purchases and for consumption purposes, weakened, affected by the rise in interest rates and the decline in consumer confidence in the quarter. The greater selectivity of disbursement policies is attributable to a higher perception of risk and a lower tolerance of it by intermediaries, as well as higher funding costs. In the expectations of intermediaries for the fourth quarter, the policies for granting credit to businesses and households will record a further and more accentuated tightening, while demand would remain stable for businesses and reduced for households, especially that relating to mortgages.

In the twelve months ending in November, bank funding remained stable, compared to an increase of 1.3% observed in August. This trend reflected the slowdown in deposits, following the deceleration of those of households and the decline in those of businesses. Liabilities to the Eurosystem decreased in connection with the voluntary repayments of TLTRO funds disbursed last November. The cost of funding increased, mainly due to the increase in interest rates on the money market. The average interest rate on new bank loans to businesses has risen by around 150 basis points since August (to 2.9% in November), in line with the average increase in the Eurozone. The cost of new loans to households for the purchase of homes rose by around 100 basis points (to 3.1%); the increase concerned both fixed-rate (3.6%) and variable-rate (2.8%) mortgages.

In the third quarter, the flow of new non-performing loans in relation to total loans rose slightly to 1.1%. The incidence of non-performing loans on total loans of significant banking groups remained almost unchanged, both gross and net of value adjustments. The coverage rate of these receivables increased, mainly due to higher provisions. In the first nine months of last year, the annualised return on equity (ROE) of significant banking groups, valued net of extraordinary components, increased compared to the same period in 2021. The improvement mainly reflected the increase in net interest income, which more than offset the decrease in other revenues. Operating costs increased, mainly as a result of charges incurred by a large intermediary to facilitate the early termination of the employment relationship; net of these charges, they would have been slightly reduced. Value adjustments on loans remained substantially stable. In the third quarter, the level of capitalisation of significant groups suffered a slight decline, especially as a result of the reduction in better quality capital. Against a positive contribution from profitability, the value of equity was affected by the decrease in reserves relating to comprehensive income, connected with the decrease in the market value of securities in the portfolio measured at fair value.

In Italy, financial market conditions have improved overall since mid-October. Until mid-December, expectations of easing the rate of rise in interest rates and the greater appetite for risk of investors favoured the decline in long-term government bond yields and the sovereign risk premium, as well as boosting the share prices. In mid-January '23, the yield spread of Italian government bonds on the ten-year maturity with respect to the corresponding German bonds was around 185 basis points, well below the maximum values reached in 2022.

Between mid-October and the first half of December '22, the yield on Italian government bonds with a ten-year maturity decreased by around 100 basis points, falling below 4.0%. After the meetings of the main central banks in December, in particular that of the ECB (which showed a more restrictive stance than anticipated by the markets), the yield of the Italian ten-year bond temporarily rose to the levels of mid-October. Despite the weakening of the economic scenario, between mid-October and the first half of December the Italian stock exchange index rose significantly, reflecting (in addition to the context of greater risk appetite and expectations on monetary policy) the publication of profits for the third quarter of 2022 in bank listings. According to data provided by Assogestioni, in the third quarter the net flow of savings to open-end mutual funds was negative for € 1.3 billion: inflows to equity and monetary funds were in fact offset by outflows from flexible, balanced funds and bond funds. The information available for October and November is consistent with a further reduction in net savings flows in the fourth quarter due to a decrease in total funding from mutual funds (€ -1.8 billion), despite new net inflows to equity funds.

Last November, Italy received the second tranche of the European funds of the Recovery and Resilience Facility and at the end of December it requested the payment of the third instalment. The general government borrowing requirement in the first eleven months of 2022 was € 50.9 billion, € 40.8 billion less than in the corresponding period of 2021. Taking into account the preliminary data for the last month of the year and an estimate of the main reconciliation factors between the requirement and the net indebtedness (financial transactions and cash-accrual differences, considering the statistical treatments currently in use), an assessment is made that in 2022 as a whole, the deficit was located, in relation to GDP, at a significantly lower level than the previous year, substantially in line with the most recent official forecasts (5.6% of GDP). An improvement in the public finance framework in comparison with 2021 would also emerge from the quarterly estimates released by Istat. In the first nine months of 2022, net indebtedness to GDP fell by 3.2 percentage points compared to the same period of the previous year; the lower deficit reflects in equal measure the reduction in expenses and the increase in revenues in relation to output. At the end of November, Public Administration debt amounted to € 2,764.9 billion, almost € 87 billion more than at the end of 2021. Based on preliminary data from December, it is estimated that in 2022 the debt-to-GDP ratio was in the order of 145% (from about 150% in 2021), essentially consistent with what was planned in the revised and integrated version of the Update to the 2022 Economic and Financial Document, published at the beginning of November. The budget law for the three-year period 2023-25, approved by the Parliament last December, increases the deficit compared to the current legislation framework by 1.1 percentage points of GDP in 2023 and by 0.1 percentage points in the following year; in 2025 a correction of 0.2 points is then expected. Taking into account the effects of the budget law, net indebtedness would decrease from 5.6% planned for 2022 to 4.5% in the current year and would continue to decrease in subsequent years, standing at 3% of GDP in the 2025.

Italian macroeconomic scenario - GDP and components					
% Changes	**2021**	**2022**	**2023**	**2024**	**2025**
Gross domestic product	6.7	3.9	0.4	0.9	1.3
Imports of goods and services	14.8	13.4	2.1	3.2	3.3
Household and private non-profit institution spending	5.1	4.7	0.6	1.2	1.4
Public Administration spending	1.5	0.2	0.3	-0.1	0.2
Gross fixed investments	16.5	9.4	0.4	1.1	0.9
of which: inv. in mach., equipment, means of transport, and various products	12	8.6	-0.3	2.5	3.1
of which: inv. in construction	21.8	10.4	1.1	-0.5	-1.6
Exports of goods and services	13.5	9.8	1.8	2.7	3.1
Total domestic demand	6.9	4.9	0.5	1.1	1.3
Domestic demand net of inventory changes	6.5	4.8	0.5	1	1.1
Current account and capital account balance as a % of GDP	3	-0.6	-1.2	-0.3	0.9
Terms of trade	-5.6	-9.7	-1.7	2.2	3.3
General consumer price index	1.9	8.4	5.8	1	1.3
Per capita industry wages in the strictest sense	-1.3	1.4	2.9	2.3	2
General producer price index	13	41.1	4.6	-2.2	-3.6
Producer price index for non-food products	6.1	17.5	2.6	0.4	0.5
Disposable income at constant prices	2.1	-0.2	-0.9	1.9	1.6
Propensity to consume (% level)	87.5	91.8	93.1	92.5	92.4
Total employment	7.6	4.4	0.3	0.9	1.1
General industrial production index	11.7	0.4	-1.3	1.3	1.8
Degree of utilisation of production capacity in industry (% level)	77.4	78.1	77.1	77.2	77.4
Public Administration indebtedness (millions of current euros)	128,902	103,465	113,577	87,558	82,861
as % of GDP	7.2	5.5	5.8	4.3	3.9
Public Administration interest expense as % of GDP	3.6	3.9	3.9	3.9	4
Public Administration debt as % of GDP	150.3	145.2	146.4	146.4	144.9
Average rate on BOTs (1)	-0.5	0.5	2.9	3	2.4
Rate on loans to businesses (1)	1.7	2	3.5	3.6	3.2
Average rate on medium/long-term government bonds (1)	0.8	2.6	4	4.5	4.2
Gross domestic product at current prices (millions of euros) (2)	1,782,051	1,898,311	1,968,833	2,031,201	2,107,888

(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

In the first part of 2022, the Piedmont economy continued to grow, albeit to a less intense extent than the previous year. Based on the quarterly indicator of the regional economy (ITER) prepared by the Bank of Italy[3], economic activity in Piedmont would have increased by 5.3% in the first half of the year compared to the corresponding period of the previous year (5.4% in the national average, substantially recovering the levels of 2019). The trend was affected by the continuing difficulties in the supply of production factors and above all, the sharp rise in energy prices. In the third quarter, the economic scenario weakened further, continuing to be affected by the uncertainty linked to the conflict in Ukraine and inflationary pressures.
In the tertiary sector, the economic situation was positive, also thanks to the increase in consumption and tourist flows. In construction, production and hours worked still

[3] Source: Bank of Italy - Regional economies - The economy of Piedmont - Short-term update, no. 23 - November 2022

rose both in public works and in the private sector: the residential sector continued to benefit from tax incentives for building redevelopment, although difficulties emerged, related to regulatory uncertainty and the assignment of receivables relating to the 'Superbonus'. Investment expenditure increased but to a lesser extent compared to 2021: in particular, larger companies spent less than expected at the beginning of the year. In a context of progressive worsening of the conditions for investing, a boost to accumulation derives from the need to adopt plants with lower energy consumption or to adapt them to the use of alternative energy sources, as well as to self-produce electricity, also benefiting from the incentives provided by the National Recovery and Resilience Plan (NRRP). The economic situation of companies remained generally favourable, but the sharp increase in production costs was only partly absorbed by the upward revision of sales prices and a reduction in profit margins ensued. Liquidity decreased slightly, but remained at high levels. Labour market conditions improved further, although the number of employees in the first half of the year was still lower than in the same period of 2019. The balance between hires and terminations in the non-agricultural private sector was positive in the first 8 months, with a significant contribution from permanent positions. The number of hours worked increased and recourse to wage integration instruments was reduced. In the credit market, the acceleration in loans to households, which affected both home loans and consumer credit, was associated with a slowdown in loans to businesses. The conditions applied by intermediaries to the production system were marked by greater caution on the riskiest positions; the criteria for offering mortgages to households have also become less accommodating. There were no signs of a deterioration in credit quality; the rise in interest rates, the marked increase in inflation and the economic repercussions of international tensions, however, represent important factors of instability and risk.

In the first 6 months of 2022, bank deposits further slowed growth, especially those of businesses. The market value of securities deposited by households with banks decreased and the net inflows of mutual investment funds were largely negative. The climate of confidence worsened after the summer, also due to fears that the reduction in household purchasing power will translate into a drop in consumption. Business expectations for the next few months point to a weakening of the growth in revenues and investments; the expansion of hours worked would also decrease and recourse to social safety nets would increase. A significant boost to aggregate demand and the digital and ecological transformation of the economic system is represented by the implementation of the NRRP: as at 17 October the total resources of the Plan allocated to the regional authorities amounted to € 3.8 billion.

In the first six months of 2022, industrial production in the region increased again (0.9% compared to the previous half-year). The positive contribution of domestic and especially foreign demand was offset by the persistent supply difficulties and the sharp increase in energy costs and most of the production inputs, which represented an obstacle to business operations. Compared to the average of 2019 in the first half of the year, the production index was 0.7% lower. According to Unioncamere Piemonte data, the favourable trend affected all company sizes, being more intense for those with at least 250 employees; among the main sectors of regional specialisation, the increase was highest in textiles. The degree of plant utilisation has risen again, to levels above 78%. The growth in production weakened in the summer months and the exploitation of production capacity decreased for the first time since the summer of 2020. About 4 out of 10 companies have invested in machinery for energy efficiency or to increase the self-production of energy; for about half of the operators, this type of intervention, which would intensify over the next six months, would have been favoured by the incentives provided for by the NRRP. The difficulties associated with the higher costs could be accompanied by those linked to a possible unavailability of energy sources, in particular natural gas: according to the survey data, it represents an indispensable production input for almost 40% of the industrial companies in the region. The direct impact of the increase in energy costs was compounded by the persistent upward pressure on the prices of most other production inputs, reported by 85% of companies, and the difficulties linked to the unavailability of some raw materials and semi-finished products (experienced by almost half of the operators). The uncertainty over the times to normalise the situation is very high: 70% of entrepreneurs are unable to assess how long these tensions will last. Business expectations have worsened since September. Tax incentives made a significant contribution to activities in the residential sector. In particular, according to ENEA-Ministry of Ecological Transition data, at the end of last September the number and amount of interventions allowed to take advantage of the so-called Superbonus tripled compared to December 2021. The trend was more contained than the national average, while the share of works already completed was substantially similar (around 69%). However, the companies that participated in the Bank of Italy survey widely reported that the difficulties in the assignment of tax receivables and regulatory uncertainty represented an obstacle to their operations in this sector.

In the property market, home sales increased again in the first half of the year (6.3% compared to the same period of 2021; 10.1% in Italy), although the trend worsened between March and June. According to estimates on OMI and Istat data, in the first six months house prices continued to rise, by 2.1% compared to the previous period, but to a lesser extent than the Italian average and that of the Northwest.

Transactions of non-residential properties continued to grow (3.0%; 9.2% in the national average); on the other hand, prices on the whole decreased slightly, but those of offices started to rise again.

In the first part of 2022, the situation in private non-financial services was positive overall. Activity, which at the beginning of the year had been affected in some sectors by the deterioration in the climate of confidence associated with the spread of the Omicron variant of the coronavirus and especially with the outbreak of the war in Ukraine, has strengthened since the spring, although in a context of sharp increases in procurement and energy costs. The activity performance index recorded by Ascom Confcommercio (referring to the Metropolitan City of Turin) rose above the so-called expansion threshold in the second quarter: this trend concerned in particular tourist reception, transport and services to businesses; in trade, the good performance of the food sector continued, while in the non-food sector the indicator, although improving, remained at negative values.

The economic situation has worsened since the end of the summer due to the further sharp increase in energy costs. The qualitative indicators of Confindustria Piemonte, while remaining positive, decreased in the third quarter; the Ascom Confcommercio index fell below the expansion threshold in all the main business segments, with the exception of the food trade.

According to the indications of the Piedmont Region Tourism Observatory, in the first half of the year tourist arrivals and overnight stays more than doubled compared to the same period in 2021. The return of foreign travellers starting from the spring, also thanks to some international events of great appeal, contributed significantly to the trend. All the main destinations recorded a significant increase in visitors: in the regional capital, in the lakeside and hilly areas in particular, the flows exceeded the levels of 2019 in the second quarter. The strong increase in tourists, particularly those from abroad, boosted airport traffic: in the first nine months of 2022, the total number of passengers at Piedmont airports more than doubled compared to the corresponding period of the previous year, exceeding around 7% 2019 data.
In the first six months of 2022, the transit of heavy vehicles on the Piedmont motorways grew by almost 7% compared to the first half of 2021; those of light vehicles increased by about 30%, but have not yet recovered to pre-pandemic levels.
Regional exports also continued to grow in the first half of 2022, reaching historically high levels. The increase was 18.0% at current values compared to the same period of 2021 (22.5% in the national average and 22.1% in the Northwest) and by about 10% compared to the previous half-year.

The share of companies in the industry in the strict sense and in private non-financial services in the Bank of Italy sample that expect to close the 2022 financial statements with a profit remained substantially stable compared to that of the same survey of 2021. The benefits associated with the continuation of the expansionary phase in the first part of the year are offset by the increase in costs for the acquisition of production inputs, only partially offset by the increase in sales prices; this resulted in a contraction in profit margins.

The trend in loans to businesses, already slowing in the second half of 2021, continued to weaken in the first six months of 2022. Loans to smaller companies and loans to construction and service companies decreased. Loans to manufacturing companies were significantly affected by the repayment by the Italian companies of the Stellantis group of the credit line guaranteed by SACE: excluding the transport vehicle segment, manufacturing credit would increase by about 12%, more than that of the end of 2021.

The annual percentage rate of charge (APR) on new bank loans for investments rose to 2.4% in the second quarter (1.8% in the last three months of 2021). The average interest rates applied on the stock of loans related to liquidity requirements were 3.1% (3.3% in December).

In the first part of 2022, the labour market continued to improve. Based on data from the Istat Labour Force Survey (RFL), the average number of employees in the first half of the year grew by 1.8% compared to the same period of 2021 (3.6% and 2.8%, respectively, in the national average and in the North-western regions); the recovery of pre-pandemic values was still partial (-1.7% compared to the first six months of 2019). The employment rate rose by 2.1 percentage points on an annual basis, to 65.9%; the increase concerned men and women with similar intensity. Participation in the labour market increased further and the activity rate reached 70.6%, a value, however, still lower than that of the same period of 2019. The number of job seekers continued to decline, positively reflecting the unemployment rate which, on average in the first half of the year, fell to 6.6%. The trend in employment was influenced by the positive dynamics of both self-employed and employee work. With reference to the latter, the data of the mandatory communications of the Ministry of Labour and social policies referring to the non-agricultural private sector show that the creation of new job positions was more intense than that of 2021 until June, and then eased in July and August. In the first eight months of the year as a whole, the balance between activated and terminated contracts was almost 19,500 units, in line with the figure of 2021 and higher than that of 2019: in comparison with both periods, there were both higher entries and exits from the labour market. The growth in subordinated employment affected all sectors and was significantly supported by permanent positions. The latter benefited from the increase in both permanent recruitment and the transformations of existing contracts, which were also higher than those of the period prior to the health crisis.

Based on SVIMEZ[4] forecasts, drawn up last summer, Piedmont household consumption expenditure, valued at constant prices, would still grow overall in 2022, benefiting from the improvement in the labour market. However, the increase would be less intense than the previous year: the slowdown would be attributable to the rise in prices that began in the second half of 2021 and the strong impact on household budgets of energy costs, especially in the last part of the year. Moreover, the price increases hit the less well-off households to a greater extent due to the composition of their shopping baskets. The weakening of the trend in consumption would also reflect the worsening in the climate of household confidence, which was significantly affected by the conflict in Ukraine. Among durable goods, car registrations fell markedly in the first nine months of the year on the whole, also affected by the supply bottlenecks associated with the procurement difficulties of components, especially microchips. Signs of recovery emerged from the summer. Household income benefited from the recovery in employment and hours worked. With reference to transfers, in Piedmont last June the number of households receiving the Citizenship Income (RdC) and the Citizenship Pension (PdC) were almost 57,000, about one fifth less than a year earlier. The beneficiary households represented 2.9% of those residing in the region (1.9% in the North and 4.5% in the national average). To counter the impact of energy price increases on the purchasing power of households in difficult economic conditions, since 2021 the Government has launched a series of measures, including the enhancement of social bonuses for electricity and gas users. According to data from the Regulatory Authority for Energy, Networks and the Environment (ARERA), at the

[4] SVIMEZ - Association for the Development of Industry in Southern Italy
SVIMEZ 2022 REPORT ON THE ECONOMY AND SOCIETY IN THE MEZZOGIORNO: AFTER COVID A NEW SHOCK: RECOVERY HALVED BY THE ENERGY CRISIS AND LOW QUALITY EMPLOYMENT

end of 2021 the share of Piedmont users benefiting from the two bonuses was respectively 6% and 7% of the total (approximately 8% for both measures at national level). These quotas could probably be increased in 2022, also due to the increase in the ISEE threshold envisaged for admission to the benefits.

In the first half of 2022, loans to households by banks and financial companies accelerated (5.0% over the twelve months at the end of June, from 4.1% last December). Both loans for home purchases and, to a lesser extent, consumer credit contributed to the growth. In a context of credit access conditions that are still relaxed on the whole, the trend in loans was supported to a significant extent by demand factors.

In the segment of mortgages for home purchases, the good performance of real estate sales was associated with the further expansion of the stock of loans: at the end of June, the increase on an annual basis was 5.2% (4.9% in December 2021). In particular, in the first six months of the year, more than € 2 billion of new mortgages were disbursed (5.8% more than in the same period of 2021). The average APR on new transactions rose to 2.3% in the second quarter of the year (1.8% in the last three months of 2021), reflecting the increase in the cost of fixed-rate mortgages. The share of fixed-rate mortgages fell in the second quarter to 77.4% of the total (about 8 percentage points less than the 2021 average).

Consumer credit also accelerated during the first half of 2022, reflecting the good performance of household spending: at the end of June, growth was 5.4% over the twelve months (3.5% in December). In the summer months, the dynamics of loans to households continued with a similar intensity to that of the previous six months: based on the still provisional data relating only to bank disbursements, last August the growth rate on an annual basis was equal to 4.6%, the same as in June. Against a wider availability of the quantities offered, the terms and conditions of loans to businesses have slightly worsened with reference to the margins applied to the riskiest ones. The orientation on the granting of mortgages to households has become more prudent: an increase in spreads, in particular on positions characterised by higher risk profiles, has also been associated with a greater focus on guarantees. On the other hand, the conditions for accessing consumer credit were further relaxed, mainly in terms of quantities offered.

On the average of the 4 quarters ending in June 2022, the flow of new non-performing loans out of total performing loans in place at the beginning of the period (impairment rate) fell slightly, to 0.8% (0.9% in December of the previous year). For the production sector, the indicator remained stable, at 1.2%: the improvement for medium-large companies was matched by a worsening for smaller ones. Among the main sectors of economic activity, the index increased only in services. The deterioration rate of loans to households decreased to 0.6% (0.8% in December). There were no signs of worsening in the prospective riskiness of the banks' loan portfolio: the share of performing loans for which the intermediaries recorded a significant increase in credit risk (as a result of which the transition from stage 1 to stage 2 of the classification envisaged by IFRS 9 takes place) decreased slightly in June 2022 compared to

December. However, the rise in interest rates, the marked increase in inflation and the economic repercussions of international tensions represent important risk factors.

At the end of June 2022, the growth in bank deposits of households and businesses was further attenuated (3.2% over the twelve months, from 6.4% in December 2021). The sharp slowdown in the business component contributed significantly to this. Household deposits also decelerated, but to a lesser extent. The total value at market prices of securities held by households in custody with banks fell again (-8.7% in June; 5.5% in December). This was affected by the sharp decline in the value of shares and assets under management and the further decline in Italian bonds and government securities. Net inflows from mutual funds were largely negative (€ -328 million in the first half of the year; € -80 million in 2021).

The consumer credit market in Europe

In the European scenario, according to the main results of the survey conducted by Eurofinas (European Federation of Finance House Associations), credit flows reached a total of approximately € 253 billion, showing a slowdown in the third quarter of 2022, compared to the double growth figure recorded in the first half of the year.

Analysing the quarterly trend, based on the Quarterly Survey 2022 data, total new loans in the consumer credit sector showed an increase of 23.7% and 16.8% in the first and second quarter of 2022, respectively, to 9.1% in the July-September period, down from the same period last year but still a comforting result.

The aggregate figures reflect an increase in most of the national markets of Eurofinas members. Among these is also Italy, which reported a positive result in all quarters, although lower than the average for the period. On the other hand, Germany recorded a phase of stagnation (-0.3% compared to the third quarter of 2021).
The segment was driven by personal loans, although disbursements decreased in the third quarter (11% compared to 25% and 21.5% in the first two quarters). The special-purpose loan in the automotive sector also slowed down which, after the good performance of the first quarter (+20.7%), recorded growth of 6.1% and 4.6% in the following two quarters.
Despite the sharp increase in inflation and the rise in interest rates, the figure for the Italian personal loan market is positive; in particular, with +11.5% in the third quarter, it is above the average for European countries.

With regard to the car sector, the negative trend in Italy was confirmed, which, after having recorded a decrease of -7.9% and -11.9% respectively in the first two quarters of the year, closed the third quarter in decrease of -9.4%.

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

The year 2022 saw a recovery in the consumer credit market, which recorded an overall growth in financed flows of +13.2% (+10.7% excluding credit cards) compared to the same period of the previous year, with approximately € 81.9 billion in flows disbursed and a total of almost € 560 million in new financing transactions, thus recovering the gap of pre-crisis levels in terms of volumes disbursed.
All types of loans show an increase in disbursements compared to the same period of 2021, with the exception of loans to purchase cars/motorcycles, due to the

continuation of the supply chain crisis and the increase in the costs of raw materials in the automotive sector.
The climate of uncertainty did not interrupt the positive trend in the use of credit in the first half of 2022, standing at 16.7%. The quarters ended in September and December respectively recorded +12% and +8% compared to 2021.
In particular, the increase was driven by personal loans (the technical form most penalised by the crisis induced by the pandemic) and other special-purpose loans (intended to support the sales of product sectors such as furniture, electronics and household appliances, goods for energy efficiency of homes, mopeds and other goods and services).
These are the main findings that emerge from the 53rd edition of the Observatory on retail credit created by Assofin, Crif and Prometeia.

The recovery was driven by personal loans, which closed the year with an increase of 18.7% compared to 2021, with € 26.5 billion disbursed and € 2.5 million in new financing transactions.

This was followed by loans to purchase of other goods/services, which recorded double-digit growth overall, exceeding pre-crisis volumes. The result is linked to the good performance of furniture loans and transactions via instalment credit lines not associated with a credit card proposed mainly in the context of eCommerce purchases, as well as the impulse of the 'green' component, which benefited from the government eco-bonuses for the energy re-qualification of buildings.

Loans to purchase cars and motorcycles, on the other hand, are still in decline, reflecting the deep criticalities of the automotive market. Only in the fourth quarter there was a weak growth (+3%), linked to the relative greater availability of new vehicles, due to the easing of the semiconductor crisis.

Salary/pension assignment loans continue to show a positive trend, marking a 5% increase in disbursements at the end of the year, slightly recovering pre-pandemic volumes.

Lastly, despite recording a marked slowdown during the year and failing to fill the gap with pre-crisis volumes, the flows paid in instalments with credit cards recorded an increase of +16.1%, also due to the driving force of the *instalment* component, a function recently enabled also on a large pool of bank cards that allows the financing of one or more expenses through a predefined repayment plan.

The survey conducted by Eumetra[5] on brand awareness, which reports the data relating to the trend of the consumer credit market during the year just ended, emerged (despite the fact that 2022 was characterised by strong uncertainty related to the Russian invasion in Ukraine and the restrictive stance of monetary policies due to high inflation) a rise in optimism and confidence on the part of households and businesses in the consumer credit market.

5 Source: Brand Awareness 2022 - Quarterly Report IV 2022.

The trend also confirms that consumption by households and businesses is no longer affected only by the pandemic, but also by other components, including the strong recovery in the inflation rate, in the wake of rising energy bills and the persistence of the strong risks associated with the uncertain evolution of the geopolitical context.

From a reputational point of view, the consumer credit sector therefore continues to grow in value, strengthening its economic and social role.

However, with reference to the propensity to credit, it should be noted that the performance of 2022 is holding back the positive trend, settling at the levels of last year due to the negative forecasts on the future, both on the inflationary and the geopolitical front. At the end of 2022, there was an increase in the operating index, with a parallel adjustment of the goodwill index which confirms the trend recorded during the year, going from 70 in December 2021 to 69 at the end of the year.

The scenario continues to be dominated by geopolitical tensions, rising interest rates and the prospect of a slowdown in economic growth, the repercussions of which will weigh on the financial conditions of households. The expected growth in inflation has also been more intense and lasting than forecasts and has therefore negatively impacted the real income of households, whose purchasing power is reduced.

The outlook for the economy and the credit market appears to be worse due to the effects of the tensions generated by the conflict in Ukraine. In light of this context, growth in consumer credit will be weaker due to the slowdown in consumption, in particular of long-term consumption. In line with macroeconomic trends, it is expected that consumer credit disbursements will grow at a rate more than halved compared to 2022, despite the support of the incentives launched by the government that are still active.

Operators in the sector are supporting new consumption models, which are more cautious than in the past and are increasingly sensitive to the issues of digitalisation and sustainability.

On the commercial level, the expansion of the offer of green products can be a driving force for intercepting clusters of customers particularly sensitive to the issue of sustainability. Looking ahead, investments in technology and training will also be crucial to complete the digitalisation process. Processes made faster will be accompanied by contact with customers and this combination will make it possible to face a context made increasingly complex by the presence of non-traditional operators, which in particular on consumer credit could exercise strong competition with products on whose discipline there are not specific rules at the moment (such as the *Buy Now Pay Later* form of credit).

Already started in 2021, the flows of salary/pension assignment loans continue to grow, recording an overall increase of 5% at the end of the period (with a total volume of new disbursements of € 7.1 billion) compared to the previous year, although more contained in relation to the activity of the market as a whole.

Analysing the quarterly trend as a percentage change, a positive figure was recorded in the first part of the year (equal to +4.1% in the first quarter and +16.1% in the following quarter), while they slowed down in the second half of the year, recording +0.3% in the third quarter and a decisive trend reversal in the last three months (-1.3%).

There was a significant increase in demand from private employees, despite the increase in rates: they accounted for 19.4% of applicants, with a growth of 10.8% and volumes financed at € 1.4 million over a period of one year. The incidence of retirees was 46.23%, with transaction flows of € 3.3 million, showing good stability (+9.3%).

Loans disbursed to public employees were instead down compared to the previous year (-2.8%), reflecting the negative figures of the first and last quarter (-9.2% and -7.4%).

Contrary to the forecasts of operators, the trends triggered by the pandemic are consolidating, with the incidence of credit intermediaries (agents and brokers, also online) and direct digital channels growing alongside a customer more inclined to use the internet to sign a loan agreement.

Mission and strategic design

During 2022, the companies of the Cassa di Risparmio di Asti Group operated in an economic scenario characterised by strong volatility and uncertainty also due to the persistence of the Russian-Ukrainian conflict, nevertheless confirming a high capacity of resilience and a good level of profitability.
The specific indicators of capitalisation, liquidity, efficiency and quality express the structural strength of the Group, which enabled it to pursue its mission with determination and concreteness during the year.

The results of the 2022 financial year testify to the Group's ability to identify and concretely implement effective strategic lines, confirmed by the fact that the interim structural strengthening objectives set out in the 2022-2024 Strategic Plan are in line with expectations, balancing the following constraints:

- to maintain the structural fundamentals 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 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 confirm their mission to be modern, fast and flexible commercial companies, able to compete with excellence in their local markets, seeking to build lasting relationships with Customers to achieve reciprocal economic advantages.

Disclosures required by ESMA

On 28 October 2022, ESMA published the annual *Public Statement European Common Enforcement Priorities (ECEP)* in which it highlights the need for issuers to adequately and concretely consider the impacts attributable to current events and topics in the preparation of the IAS/IFRS annual financial reports for the year 2022.
The ESMA document aims to continuously increase the quality of financial reports and to emphasise the responsibility of the administrative and supervisory bodies of the issuers in relation to the overall internal consistency of the disclosure provided in the annual financial report and the supervision of relevant internal controls. The disclosure that issuers must provide must be relevant, complete and adapted to the specific circumstances that characterise the institution and its activities.
Similar information requests were made by ESMA in relation to the exogenous shocks that had affected the macroeconomic scenario of the 2020-2021 period and mainly concerned the COVID-19 disclosure.

With the Public Statement of October 2022, the disclosure obligations to be included in the report on operations must concern:

- climate change;
- Russian invasion of Ukraine;
- macroeconomic scenario.

Climate change

Climate Change risks are divided into 'physical risks', linked to the physical impact of climate events, and 'transition risks', deriving from the adjustment process towards a low-carbon economy, related to changes in public policies, in terms of technology and consumer choices.
By virtue of this, in 2021 a preliminary analysis of the 'as is' situation of the Group was conducted in reference to the four areas defined in recommendations of the *Task Force on Climate-related Financial Disclosures* (TCFD), i.e. governance, strategy, risk management, metrics and targets, with the aim of further studying the Group's position on these aspects, identifying any gaps and possible actions to be taken in order to improve the state of alignment of the reported information with what is required by the framework.

The Risk Management Function subsequently carried out the following projects in 2022:

- as part of the updating of the Business Continuity Plan, the mapping of threats and related countermeasures relating to climate and environmental risks (such as earthquakes, volcanic eruptions, storms, hurricanes, floods and extreme temperatures) that may affect the company assets represented by the headquarters of the Group companies, causing the interruption of activities;
- with reference to *Climate Change Risk*, as part of the project aimed at creating an ESG framework, the mapping and assessment of the physical risk of the Bank's individual branches.

In a process of continuous improvement in the effective management of physical and transition environmental risks and in compliance with the increasingly intense regulatory evolution, Banca di Asti has planned the following activities for 2023:

- materiality analysis aimed at identifying the climatic and environmental risk factors to which the company is exposed in relation to the customer loan portfolio (physical and transition risk);
- activation of a supply of ESG data functional to the performance of Risk Management assessments in the credit risk area;
- quantification of the impact of climate and environmental risk in terms of increased capital and liquidity requirements, following the assessment of exposure to these factors (ICAAP and ILAAP logics).

With particular reference to risks, in view of the future adoption of new models, scoring techniques and exogenous scenarios developed by recognised international providers (ECB *Climate Stress Test*, NGFS), Banca di Asti has worked to investigate these issues in depth.

At the end of 2021, the ESG initiative was included as an enabling factor in the 2022–2024 Strategic Plan and consequently in 2022, the Bank activated a specific dedicated project initiative.

As part of this project, the Bank has already achieved important results, including:

- the achievement of RINA certifications on Gender Equality (UNI/PdR 125:2022) and on Occupational Health and Safety (ISO 45001),
- the adoption of the Equality, Equity and Inclusion Policies,
- the release of the 'New energies' and 'Green mortgages' ceilings,
- the adoption of the new MIFID questionnaire with a section on customer sustainability preferences,
- the drafting of the Sustainability Plan, which plans the program of ESG interventions for the period 2023-2024.

The ESG initiative is part of a broader legislative/regulatory framework also connected with the issue by the Bank of Italy of the Supervisory Expectations on climate and environmental risks, which took place on 8 April 2022.
In the second quarter of 2022, Banca di Asti was selected together with other *Less Significant Banks* to contribute to the *Thematic Review on climate-related and environmental risks* of the ECB. Also on the basis of the results of the aforementioned survey communicated by the Supervisory Authority, Banca di Asti has prepared a plan of alignment initiatives to be completed in the two-year period 2023-2024, in compliance with the requirements of the same Authority, while providing for a further expansion of the Sustainability Plan.

Russian invasion of Ukraine

The Russian invasion and the consequent sanctions that European and American countries have imposed against Russia and Belarus have significantly affected certain commercial activities, introducing a high degree of uncertainty about the foreseeable evolution of these activities. The return to war in the heart of Europe characterised the beginning of 2022 and although a lightning conflict was assumed, given the numerical superiority of the Russian army and the weapons at its disposal, the conflict is still ongoing and has heavily affected the energy market, inflationary dynamics and growth.

The European Authorities continuously monitor the impact of the Russian-Ukrainian conflict on the financial markets and coordinate with the national authorities on the steps to be taken. The Russian invasion of Ukraine was the subject of an *ad hoc* Public Statement published by ESMA in May 2022 and the topic was recalled in the priorities of October 2022. Consob also issued warning and recommendation notes on the impact of the conflict in 2022, such as the note of 18 March 2022, and subsequently two other documents - the 'Warning notice no. 2/22 of 19/05/2022 Conflict in Ukraine - Implications on the obligations of online portal operators' and the 'Warning notice no. 3/22 of 19/05/2022 Conflict in Ukraine - Warning notice of supervised issuers on financial reporting and compliance with the restrictive measures adopted by the European Union with respect to Russia'.

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 financial reports.

The ESMA documents and the Consob memorandums 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.

The Group 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.

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. In light of the changes recorded in the reference macroeconomic context following the outbreak of the Russian-Ukrainian war and the sudden increase in inflation and interest rates, the Group updated its three-year objectives in capital and economic terms, fully confirming the strategic guidelines drawn up at the end of the 2021 financial year.

For 2022, customer exposures to Russian counterparties remain very limited, both in terms of loans and advances and in securities and investment funds. There are no outstanding loans to Russia, Ukraine and Belarus. The Group does not have branches or branch offices in the areas concerned or in neighbouring countries. The impacts to which the Group is therefore subject are represented by the general economic effects of the rise in inflation, the uncertainty of the financial markets and the slowdown in trade and therefore also in Italian exports.

The macroeconomic scenario

In the *Public Statement* of 28 October 2022, ESMA summarised the main variables that influence the current macroeconomic context: the COVID-19 pandemic, inflation, increase in interest rates and worsening of the geopolitical and economic macro-context. In 2022, the global economy suffered from high inflation, high uncertainty related to the war in Ukraine and the restrictive stance of monetary policies.

Specifically, the situation of instability and uncertainty had repercussions on various areas:

- increase in the prices of raw materials, in particular those of natural gas, energy and food raw materials;
- increase in inflation on a global scale with a strong acceleration to reflect the rise in prices and the supply-side bottleneck;
- increase in interest rates with an increase in the cost of debt;
- increase in elements of uncertainty on the economic outlook.

With regard to the Bank's activities, the areas most impacted by the effects of the current macroeconomic context are a lower recourse to bank loans from the private sector and the corporate sector due to the situation of market instability and the increased cost of money. There was also a deceleration in terms of funding. Against higher operating costs, especially due to the cost of energy raw materials, the interest margin increased due to the increase in interest rates. It is plausible that the Bank will be called upon to deal with a greater deterioration in credit in the coming months, accentuated by the slowdown in growth prospects and the increase in costs linked to the inflationary spiral.

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

The main (confirming and supplementing) guidelines adopted in the Plan are:

- maintenance of a high level of capital strength, improving asset quality and profitable use of the liquidity generated by core operations with a view to preserving funding (by stabilising and developing direct retail and wholesale funding) in order to maintain high levels of *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;
- the constant monitoring of the cost base, with active cost management and comparison with comparable benchmarks, as well as enabling investments for the realisation of strategic initiatives;
- 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).

The commercial policy

As at 31 December 2022, the Commercial Network of the Parent Company was divided into 209 branches, a Private Network consisting of 20 Private Bankers, 120 Investment Advisors, a Business Network consisting of 30 Business Managers and 44 Business Advisors.

The branches were broken down as follows: 60 in the province of Asti, 30 in the province of Vercelli, 30 in the province of Biella, 29 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, 1 in the province of Treviso, and 1 in the province of Venice.

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 85 as at 31 December 2022.

With regard to commercial policy, in 2022, business strategies continued to be applied Group-wide, thanks to the collaboration and coordination between the different operating units. Attention continues to be focused on the needs of households and businesses, especially small and medium-sized enterprises.
The Group gives priority consideration to the requests of the local communities it operates in: to this end, it has put in place policies to strengthen the synergies

created over the years with local institutions and associations to support economic and social development.

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 a crucial role in our social fabric.

Also in 2022, the Cassa di Risparmio di Asti Group continued to support companies damaged by the COVID-19 epidemic, confirming its adherence to the emergency measures (*Temporary Framework*) ordered by the European Commission, measures whose operations ended on 30 June 2022. In particular, to facilitate access to loans with state guarantees, the following were made available to companies:

- loans of up to € 30,000 with a guarantee under simplified investigation from the Central Guarantee Fund or from ISMEA, targeting micro-businesses and SMEs;
- loans with a guarantee up to 80% from the Central Guarantee Fund, with possible increase to 100% with Confidi intervention, targeting SMEs;
- loans with a guarantee up to 80% from the Central Guarantee Fund, targeting SMEs.

In addition, the Group, in order to offer financial support to companies directly or indirectly affected by the Russia-Ukraine conflict, has adhered to the measures envisaged by the new *Temporary Crisis Framework*:

- loans of up to € 62,000 with a 100% ISMEA guarantee, aimed at active agricultural and fishing SMEs;
- loans guaranteed by the Central Guarantee Fund up to 80%, extendable to 90% for the implementation of interventions aimed at energy efficiency, in favour of SMEs;
- loans backed by a SupportItalia guarantee at 90%, issued by Sace Spa in favour of companies of any size.

The measures under the *Temporary Crisis Framework* will continue to be available to corporate clients throughout 2023.

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 “2022 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, 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 80%.

In order to expand the range of mortgages to businesses and to counteract the sudden increase in rates, the commercial offer was implemented with the possibility of proposing the Innovando Imprese and Innovando Agricoltura lines with the option of a fixed or variable rate at 5 and 3 years. With this in mind, the Bank also signed an agreement with Monte Paschi Capital Services Banca per le Imprese Spa, for the reporting of corporate customers, corporations, potentially interested in interest rate hedging services with OTC (Over The Counter) derivative financial instruments. The offer concerns single premium hedging transactions with Cap option. This option allows companies to mitigate the risk that interest rates exceed a certain level, equal to the Cap rate, established contractually.

In 2022, the Bank further expanded the range of credit services offered to corporate customers through the signing of a reporting agreement with Aosta Factor, a company operating in the factoring sector since 1991 and belonging to the Finaosta group.

To incentivise and support business investments in projects that have a positive impact in terms of *sustainability*, the Cassa di Risparmio di Asti Group has allocated a ceiling of € 100 million dedicated to the granting of medium-term mortgage, land and unsecured loans for the construction of plants for the production of electricity from renewable sources, with a 60% reduction in preliminary fees compared to standard conditions.

The Cassa di Risparmio di Asti Group and the Politecnico di Torino punctually renewed in 2022 the convention 'Promoting Innovation and Development in SMEs', signed in 2017. 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.

The partnership with the company called Credit Data Research Italia S.r.l. (CDR) was also continued in 2022, 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, by means of 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).

Throughout 2022, the proposal to companies of short- and medium-term Minibonds continued, a tool that makes it possible to offer an additional form of access to credit to SMEs and which represents significant added value for companies, in addition to allow the Group to strengthen its relationship with its customers.

In 2022, our Group entered into an agreement with the company L'Imprenditore S.r.l., owner of the Leanus platform. This platform aims to implement the pre-analysis tools functional to the search and acquisition of new target business customers and in general, to a conscious and constructive dialogue with the entrepreneur our customer at the first meeting, through access and analysis of financial statement data, the processing of ratios, the calculation of the risk profile and sector benchmarks.

Finally, as part of the National Recovery and Resilience Plan (plan approved in 2021 by Italy to relaunch the economy after the COVID-19 pandemic), numerous measures were analysed and monitored during 2022 by the Business Market Service Offices and, for those deemed in line with the Bank's objectives, activities were carried out to train the Networks and make proposals to customers.

In particular, the:
- 'Parco Agrisolare' (Agrisolar park) measure to support investments in production facilities in the agricultural, livestock and agro-industrial sectors, in order to install solar panels and intelligent management systems of flows and accumulators, remove and dispose of existing asbestos roofs and build new insulated roofs as well as create automated ventilation and/or cooling systems;
- 'ON - Oltre nuove Imprese a Tasso zero' (Beyond new companies at zero rate) measure to support the creation and development of micro and small businesses with predominantly female or youth participation;
- 'Smart & Start' measure to promote the spread of new entrepreneurship and support the technology transfer of research results;
- 'Fondo Impresa Femminile' (Female Enterprise Fund) measure, which promotes and supports the start-up and strengthening of female entrepreneurship, as well as the development of entrepreneurial values among the female population and the maximisation of the contribution to the economic growth of the country.

The analysis and monitoring of the measures proposed as part of the NRRP will continue also in 2023, with training of the Networks and proposal to customers.

Private customer product range

With regard to consumer credit, in 2022, the Group once again 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.

The Bank has remained close to its customers through concrete actions, with the aim of strengthening the value of the relationship. In particular, as of June 2022, the Erbavoglio range was enriched with the new 'Erbavoglio Gold' product. Erbavoglio Gold differs from the traditional Erbavoglio product in that it provides for the start of amortisation after 6 months from the disbursement of the loan. The duration of the loan is between a minimum of 12 months and a maximum of 120 months, including the suspension period. The customer is not charged for the first 6 months; from the seventh month the debt begins with monthly payments of instalments consisting of the principal portion, the interest portion and the portion of interest relating to the first six months of suspension. As usual to safeguard and at the request of the customer, optional insurance coverage specifically created to cover the risk of premature death and permanent disability, loss of employment or total temporary disability can be combined with Erbavoglio.

Also in 2022, Banca di Asti is confirmed to be attentive to the needs of young people in their path, which can range from school and university training to the realisation of a life project. The possibility of requesting the particularly favourable Erbavoglio loan was extended by a further two years (for young people up to 30 years of age). To make the offer smarter for young customers, and to allow the subscription of products remotely via digital signature, also in 2022 the young owners of the Banca Semplice Home internet banking service received a special commercial offer with the possibility of requesting the 'Erbavoglio Young 18-30 Online' loan online at the favourable conditions dedicated to them.

The Bank then confirmed its focus on training young people with the offer of the Erbavoglio personal loan at subsidised conditions dedicated to students of the Masters in Marketing Omnichannel Sales & Digital Management, Masters in Marketing & Digital Management of the Food Industry (both at the University of Turin), Training and refresher courses of the Institute of Applied Art and Design IAAD (TO) and Master in Hospitality Management of Città Studi Biella.

Still in the area of consumer credit, signalling activities continued for customers interested in salary and pension assignment loans, with the collaboration of the subsidiary Pitagora S.p.A., extending the product catalogue to Anticipo TFS/TFR (TFS/TFR Advance) and Piccolo Prestito (Small Loan).

The TFS/TFR Advance is a loan guaranteed by the transfer with recourse of the post-employment benefits/employee severance pay for public employees (hired on a permanent basis by 31/12/2000) who want to immediately arrange the liquidation of the Post-employment benefits/Employee severance pay at a predefined rate.

The Small Loan is a non-finalised personal loan, up to € 5,000, repayable by charging a constant monthly instalment directly in the pay slip, aimed at employees of private companies with fixed-term and/or permanent contracts or with particular subjective characteristics of the employee (e.g. type of employment contract/length of service) or of the company.

During 2022, due to the volatility of interest rates, the need emerged to expand the product catalogue of mortgage loans to Casanova individuals with the aim of offering a product that, given the situation of uncertainty, would offer the peace of mind of a maximum rate predetermined to customers who express the need. Therefore, a new mortgage loan was created, distributed from November 2022, called 'Casanova Rata Protetta'. The mortgage, at a variable rate, offers the certainty of a maximum rate ('CAP') even if a certain threshold of the reference parameter (6-month Euribor) is exceeded.

The Cassa di Risparmio di Asti Group also confirmed its support for private customers, in compliance with the provisions of the government measures put in place, in particular with the extension for the whole of 2022 of the possibility of joining, if in possession of the envisaged requirements, to the Solidarity Fund for the Purchase of the First Home (the so-called 'Gasparrini Fund').

In line with the ever-increasing focus on social, environmental and economic sustainability issues, the Group has already launched a study since 2021 aimed at defining offers on 'green' products and services, with the aim of increasing awareness of the importance of ESG factors.
The Bank is aware of the fact that the financial world, in addition to having a fundamental role, can even derive an important commercial advantage from this ecosystem of good practices, with the creation and consolidation of long-term values in terms of trust, inclusion and sustainable growth over time.
These issues of great importance and impact, constitute an important challenge also in light of the complex general macroeconomic framework: with the aim of offering a concrete sign of the Bank's sensitivity to environmental issues, a 'Green Mortgage' ceiling was established, which provides for an important economic benefit in the event of the purchase of properties belonging to at least the energy efficiency 'A' class proven by a valid Energy Performance Certificate (APE).

Also in support of the mortgage loans segment to individuals, the Bank continued its agreement with new Credit Brokers for the presentation of private customers interested in applying for a loan from the range of 'Casanova' mortgage loans for purchase and restructuring, including work in progress, of residential properties falling within the scope of real estate loans to consumers.

The product range of current accounts offered by the Bank is able to meet the needs of different types of customers: from the 'Basic Account' and the 'Pension Account' (reserved for customers with limited access to banking products and with low fees per year) to the 'Su Misura' (Customised) range (ideal for customers who wish to secure a number of transactions included against a fixed fee), up to the 'Conto 8ttimo', a package account with a decreasing fee depending on the products or services used by the customer.

The offer of Group current accounts also includes the 'Basic Account', which meets the purpose of banking inclusion even for the weakest segments and with limited banking needs, and a current account with subsidised conditions dedicated to Non-Profit Organisations and Entities, the sale of which is also extended to Religious Bodies and Orders and their members.

Particular attention is dedicated to the offer of Current Accounts for young people: the range was created to meet the needs of young and very young people, helping to develop their sense of responsibility towards life and early earnings. The offer is

divided according to defined age groups: from 0 to 11 years, 12 to 17 years and 18 to 30 years. A specific current account is then dedicated to young workers aged 15 to 17 years.
In particular, 'Io Conto 0-11' is the deposit book for children from 0 to 11 years old, offered to introduce them to saving from an early age and to collect gifts at birth, birthdays and on any other occasion.
'Io Conto 12-17' is the range dedicated to young people between the ages of 12 and 17, which allows them to choose between the deposit book to keep their savings safe or the current account at advantageous conditions, in combination with a free card for small withdrawals from the Group's ATMs.
'Conto Semplice Junior Job' is the current account at advantageous conditions dedicated to young workers between the ages of 15 and 17 that allows them to credit their remuneration in combination with a free card to manage their earnings independently.
In 2022, an analysis activity was launched to rationalise the range in order to make it more consistent with the needs of the reference target market and the proposals available on the market.
To this end, the 'IOConto' product dedicated to young adults was revised to manage savings or carry out study, work and leisure projects in a simple and convenient way. Furthermore, the name (now 'Conto Semplice Young 18 - 30') was revised and the reference Target Market was extended by two years, which now includes young people between 18 and 30 years of age. The particularly advantageous economic conditions for this product, provide a return on deposits in addition to being completely free of charge (with the exception of tax charges): unlimited free transactions and no fees. This offer also includes other advantages such as the free 'Giramondo' international debit card, the free 'Banca Semplice Home' service and the 'Nexi Classic' credit card with the annual fee discounted by 50% compared to the standard offer.
In line with the revision of the Range, the age range for requesting the 'Nexi Individuale' and 'Nexi Finanziamento Erbavoglio' credit cards by recipients of the 'Conto Semplice Young 18-30' account and holders of at least 100 shares was also extended.

In order meet the need of newly acquired customers to be able to independently open their current account online, this option was activated in 2022 with regard to the 'Conto Semplice WEB' account, specifically designed to meet the needs of current and prospective customers who prefer to operate independently and express the need to guarantee a good number of services included in a single fixed monthly fee of a very low amount.

With the aim of consolidating active and acquiring important relationships with companies, qualified professionals and owners of property assets, the activity relating to the purchase of tax credits transferred by our Customers (both private individuals and companies) continued at a robust pace, directly by the subjects who commissioned the works, or by the companies that carried out the works by issuing 'discount' invoices. The transfers of these tax credits concerned tax bonuses deriving from energy recovery and upgrading of the building heritage, as defined by the 'Rilancio Decree' converted into Law on 17/07/2020, and its subsequent amendments, with a view to cement support for the improvement of private and public infrastructures in the area in which the Bank operates.

With a view to consolidating its relationship with customers who are Shareholders, the “Progetto Soci della Cassa” project, launched in 2011, was renewed for 2022. The project envisages exclusive services, especially in the healthcare sector, with the possibility of access to dedicated programmes, 'Bonus Salute' (Health Bonus) and 'Voucher Salute' (Health Voucher), to preventive medicine paths based on specific check-ups and specialist examinations, and to insurance and payment services.
Agreements continued to be made with new medical centres to further extend the territorial coverage of the offer dedicated to Bank Shareholders. Holders of at least 250 shares can access the 'Platinum Gold Partner Wellbeing Programme' with concessions in terms of costs and services.

Museum vouchers, valid for admission to exhibitions at affiliated museums and institutions, are available to all Shareholders. Always sensitive to environmental sustainability issues, the Bank offers all holders of at least 500 shares, who own an electric or hybrid-plug-in car, a 100 kWh top-up bonus. The bonus can be spent on charging stations throughout Italy.

After the limitations caused by the pandemic, in 2022 the Bank returned to offering shareholders the traditional musical show during the Christmas holidays.

In 2022, collaboration continued with Somet Group companies, So.Met Energia S.r.l. and Piemonte Energy S.p.A., to offer a qualified electricity and natural gas supply service to the Bank's private and corporate customer segments. The results of 2022 in terms of new user switches were impacted by the energy crisis that affected the entire sector in the second half of the year.

As part of the offer to customers of diversified products and services, the proposal of the long-term rental service continued in 2022 in partnership with ALD Automotive Société Anonyme, a company belonging to the Société Générale Group, which is the second largest operator in Europe, third in the world and, through its subsidiary ALD Automotive Italia S.r.l., the largest operator in Italy in terms of market share.

Through the 'Salutissima' Family Services Charter, offered in collaboration with FAB S.M.S., the Bank offers its customers a range of mutualistic plans based on customers' needs. The Mutualistic Plans (or Wellness Programs) are accompanied by additional services such as, for example, telephone legal advice, the free subscription to the magazine 'Focus' and the possibility of taking advantage of reduced rates to benefit from health services in the numerous affiliated centres in the area.

In 2022, the 'Salutissima' offer expanded the range of Wellness Programs by introducing 6 new Mutualistic Plans: Gold/Gold Senior Member Wellness Programme, Platinum/Platinum Senior Member Wellness Programme, Platinum Wellness Programme, Size Wellness Programme and Senior Single and Senior Member Wellness Programmes. These solutions allow customers who subscribe to the 'Salutissima' Family Services Charter to choose the measure that suits their needs and to extend the services offered by the Mutualistic Plans up to 85 years of age.

In the course of 2022, FAB SMS also resumed the activity of Camper della Salute. In September and October 2022, around 20 days dedicated to health and well-being were organised at the branches of the Cassa di Risparmio di Asti Group, aimed at learning about and proposing the services offered by the 'Salutissima' product.

Direct Channels

In line with the advantageous conditions offered in previous years, to favour the circulation of instruments that are able to guarantee customers 'self-service' transactions, such as the 'Giramondo' debit card and the Banca Semplice Home internet banking service, advantageous initiatives for private customers who do not hold such instruments were confirmed in 2022 as well. From 1 July to 31 December, there was a 50% discount on the issue fee for the debit card and the free payment of the first six months of the service fee of Banca Semplice Home and Banca Semplice Corporate (internet banking services for individuals and companies).

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 80% of all current accounts.

The trend of continuous improvements to the Banca Semplice service also continued in 2022 with the introduction of the possibility of carrying out securities sales transactions also on the main foreign markets. In addition, new features were introduced in the Investments Section aimed at improving the user experience of customers who own financial instruments and services.

The security of electronic services has been strengthened by introducing the farewell alert when a request is made to change the user's mobile phone number. In line with the intention of disseminating digital education to customers using online services, brief communications are periodically sent out in which the main risks associated with online operations are illustrated, the main cases of IT fraud, and the countermeasures to be adopted are explained.

The scope of remote operations, in continuity with the strategic choices made in previous years, was expanded with the introduction of new functions. Today it is possible to subscribe to the Simple Web Account remotely also for customers with the Banca Semplice Home service with the support of the Online Branch.

A commercial partnership was also launched with American Express for the placement of credit cards through the online channel. These cards operate on a circuit characterised by international brand recognition and prestige. The offer of American Express cards supplements that of Nexi cards and therefore expands the catalogue of Monetica products offered to customers.

2023 will see the start of a process for the gradual introduction of Multichannel in the main processes involving both the sale of banking products and services, and consultancy and remote relations with customers, in line with the provisions of the 2022-2024 Strategic Plan.

As part of the development activities of a commercial and customer relations nature, the OnLine Branch is active, staffed by people with previous experience in the Bank's branches. The structure operates on extended hours, up to 7 p.m., and offers advice to customers with internet banking for the activation of the Bank's products and services completely remotely, thanks to the use of digital signatures.

The OnLine Branch communicates with customers through e-mail, SMS, WhatsApp, telephone and video channels, through which it is possible to support the customer with the sharing of documents and their smartphone screen.

Through the OnLine Branch channel, it is possible to access the following products and services remotely:

- personal loan of up to € 15,000;
- Giramondo debit card operating on the Bancomat® Network;
- Carta&Conto, card that can be topped up via 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 signing of contracts to open credit facilities on a current account with a digital signature;
- remote signing of various forms and contracts with a digital signature;
- renewal of registry and residency documents;
- due diligence questionnaire.

The OnLine Branch, together with the other structures of the Bank, is working to make more and more services available with the aim of satisfying the need of customers to operate and receive advice on the channel of their choice. In 2022, the possibility was introduced for new customers to open an online current account with active card and internet banking directly from the bancadiasti.it website. The service, available with the supervision and advice of the OnLine Branch, actually opens up a new entry channel to the Bank's services for prospect customers.

During 2022, the volume of documents signed remotely through the services provided by the OnLine Branch doubled compared to the previous year, confirming the need for customers to want to operate online with adequate support and advice, including on products and services of medium complexity.

In February 2022, the new organisational unit called Banking Centre was established, in line with the strategic guidelines of the Group, whose mission is to provide specialised assistance on Internet Banking services through remote relationship tools, to accompany the customer in the multi-channel user experience path.

The provision of assistance allows the *Banking Centre* to take advantage of the opportunities for contact to promote the development of the Customer relationship with the Territorial Network and the OnLine Branch; it is also the privileged observation point on the status of the services offered by the Bank and a valuable point of connection between Customers, the Territorial Network and the Head Office Offices, with a view to constant innovation and the management of customer complaints.

During the year, the internalisation of the assistance activities for private customers on digital channels (desktop platform and app) was fully implemented, maintaining the support of the outsourcer for overflow management. 83% of requests for assistance were handled by the Banking Centre.

The evolution of the Banking Centre envisages the continuous improvement of the cybersecurity controls, the tools for the operational management of reports, the continuous training of operators with particular regard to personal development and growth, and the extension of assistance on other products and services provided by the Bank.

As far as the subsidiary Pitagora is concerned, it has launched a project for the growth and development of the web channel (the 'Web Project'), with the aim of making its commercial offer usable by its target customers through the online channel, favouring commercial contact and providing its offers also to Internet customers, and above all to encourage the use of remote IT systems, to the benefit of its customers. The Company has also strengthened its partnerships with specialised operators, in particular in the area of web estimation and/or comparison services.

In 2022, the Company further invested in this project in order to manage web marketing and provide the sales network with an alternative channel to the traditional one and that of partnerships.

In particular, the company continued the implementation of web activities through search engines and social media, improving its strategy and presence.

More specifically, the Web Project confirmed the positive results already recorded in 2021, with an improvement in the performance of all channels used. The management of the website generated 827,818 views: in detail, (i) 466,137 represented new accesses by users and/or visitors, and (ii) 85.6% accessed from mobile phones and the remaining 14.4% from desktop PCs. The use of SEM and PMax campaigns, promotional videos on the Youtube channel and ads on social media generated 16.56 million impressions.
These significant data contributed (as well as to the growth of the business) to an optimisation of the brand exposure, as confirmed by the Brand Awareness analysis carried out by the company Eumetra.

Foreign sector

2022 was characterised by the growth of global economic uncertainty following the invasion of Ukraine by Russia, in a context already marked by the impacts of the pandemic crisis and the persistent imbalances between supply and demand.

This context has led companies to reposition themselves and diversify their presence on international markets and, despite significant supply-side bottlenecks and sharp increases in commodity prices, international trade flows have exceeded pre-COVID levels.

As regards imports, there was a sustained growth but a marked slowdown in the last period of the year due to the drop in imported volumes and natural gas prices.

As far as exports are concerned, good performance was recorded in particular for investment goods and, among these, for all instrumental mechanics and intermediate goods. The agri-food sector also stands out, favoured by the advancement of vaccination campaigns in many key markets and the consequent increase in consumption linked to the restart of the hospitality, restaurant and catering sectors.

In this still uncertain context, the Group's attention has focused on developing an even deeper, more careful and continuous dialogue with companies to support cross-border sales activities, also thanks to the support of a wide range of products and services engineered with the aim of bringing value and generating new opportunities.

In continuity with last year, the presentation of SACE and SIMEST facilitated instruments continued with the offer of facilities aimed at consolidating and improving the positioning of enterprises in international markets.

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 2022, 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 are supported not only by the Managers of our branches, but also by specialist staff such as Investment Advisors and Private Bankers, and can define and manage a customised asset allocation of their portfolio over time, using dedicated simulation tools and specific reporting.

In the second half of 2022, the 'Patrimonium' management service saw the introduction of a new type of Asset Management Trainer, divided into three versions

(Trainer Azionario 30% 2030, Trainer Azionario 50% 2030, Trainer Azionario 90% 2030) with the objective of allocating the share component at a pre-established target level through an accumulation logic characterised by four cycles with a duration of two years until 2030. The monthly purchases of the share component take place on the basis of the market trend, using a contrary logic, calibrating the purchases in order to reach the monthly percentage of shares envisaged in the contract. At the end of each cycle, the share component is brought back to the initial level envisaged for each line, while at the end of the four cycles the management flows into the corresponding Classic line.
In order to provide a second point of entry into the market for customers and to add an additional investment alternative, the same three lines with a 2031 expiry date will be launched at the end of 2023.

At the same time, the range of components available within the Multi-Line Asset Management has also been enriched with the new share accumulation version (Multilinea Azionario Internazionale Accumulo), built with the same characteristics as the aforementioned Trainers with the exception of the duration of the individual accumulation cycles (annual instead of two-year) and duration (without expiry instead of eight years).

As regards financial and insurance business, marketing of the 'Helvetia Multimix' product has also continued in 2022, a lifetime multi-segment policy that combines the satisfaction of needs for protection and investment growth with welfare, legal and 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 2022, collaboration continued with the leading insurance companies of the Helvetia Group (Helvetia Vita for the savings, investment and supplementary pensions 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 non-life insurance sector confirmed the positive development trend already recorded in previous years, reaching a volume of net premiums purchased of around € 70 million, also thanks to the improvement in the product range and development of the welfare segment.

During the year, the Company continued to consolidate its partnerships with leading insurance companies to cover its credit risks in order to offer a high-level and competitive product, also with a view to saving on financing costs.
More specifically, Pitagora maintained the partnership with AXA France Vie, AXA France IARD and Net Insurance, Net Insurance Life, MetLife Europe Limited, HDI Assicurazioni, Great American International Insurance Limited and Credit Life International, Cardif Assurance, Harmonie Mutuelle, Iptiq Life (Swiss Re Group),

Allianz Global Life and BCC Vita, partners that specialise in insurance cover and protection from credit risks and/or life insurance cover, compulsory for loans with a salary or pension assignment.
During 2022, as part of an expansion of partnerships with new insurance companies and diversification of credit risk in compliance with internal regulations, new agreements were formalised with Genertel S.p.A. and CNP Vita Assicurazione. In compliance with its Insurance Concentration Policy, the Company has implemented rules for the valuation of policies to be combined with financing operations, by conducting ex ante checks to ensure the fulfilment of specific qualitative and solidarity requirements by the partner Insurance companies, such as the assignment of a rating by ECAI agencies Standard & Poor's, Fitch and Moody's, recognised by the Bank of Italy, also with a view to assessing 'Credit Risk Mitigation' requirements.

Communications: advertising and PR

The advertising communication activity of 2022 saw the continuation in the first months of the year of the institutional campaign started in 2021, characterised by the concept 'Choose the quality of our consulting'. The objective of the campaign, which made it possible to build both commercial and institutional messages, was to transmit trust in customer relations, emphasising the importance of personal relationships with customers.

In July, a campaign was launched on Erbavoglio personal loans with a new *Gold* version, offering the possibility of taking out a personal loan by postponing the payment of the first instalment by 7 months.

During the year, campaigns were launched to promote payment cards and an information and online fraud prevention campaign was created, by periodically sending to all internet banking customers information bulletins such as 'Banca di Asti informs: beware of online scams.'

On the occasion of the Christmas greetings, a greeting campaign was carried out highlighting the Bank's growth, understood both in economic terms and structural strength and in terms of territorial expansion. This campaign was combined with another one based on the idea of a bank present and usable at any time, both in the branch and online.

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, an additional recruitment process was also carried out for a branch operator, widely disseminated through digital tools, social media and online recruiting platforms.

Sponsorships

Sponsorship activity has mainly focused on supporting activities of a sporting, territorial, cultural and social nature, favouring entities, associations, companies or

groups that are already customers; these interventions confirm the Bank's interest in associating its name with activities that animate the life of the communities and territories in which it operates, with a good return in terms of image.
The Bank's presence has always been ensured at the events held in the area: among the most significant were the Douja d'Or, the Palio and the Magical Christmas village in Asti, Fattoria in Città in Vercelli, the exhibition 'Selvatica - Arte and Nature in Festival' in Biella, the exhibition 'Boldini and the myth of the Belle Epoque' and the exhibition 'Glass is Life' in Asti, on the visit of the Holy Father to Asti.

Some events were organised during the year:

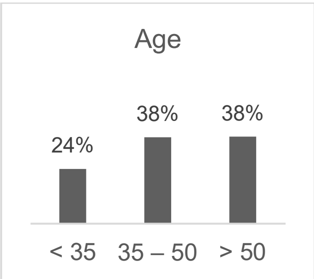
- Vinitaly: the Bank actively participated in the event with the presence of a stand in the Piedmont pavilion;
- Christmas concert dedicated to Shareholders: 20 performances in 8 theatres, hosting approximately 13,000 people;
- event for the presentation of the work of art 'Fioriture' created by the artist Enrico Marcato and donated by the Bank to the city of Padua.

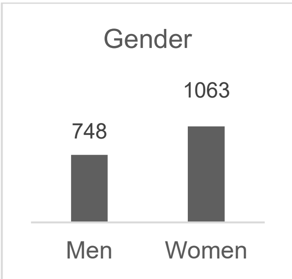
Human resource management

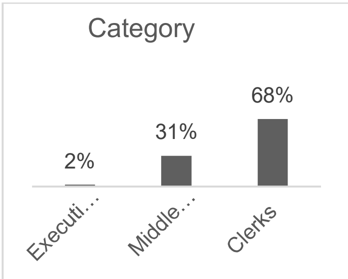
The management of Human Resources in the Cassa di Risparmio di Asti Group aims to enhance the skills of people and to direct the corporate culture in a manner consistent with the Group's objectives, using a resource management system based on the systematic involvement of the Company's various organisational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

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

The graphs below show the breakdown of personnel by age, gender and classification.







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

In line with previous years, the policy of staff turnover aimed at enriching and speeding up the pool of experience and skills continued. In this regard, 31 new Branch Managers and 4 new Office Managers of the Head Office were hired in 2022.

Training activity

The challenges imposed by the market and digital evolution, the level of complexity and professionalism need in the work environment and their continuing evolution, involve 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 company culture in line with tactical and strategic objectives.

In the course of 2022, in consideration of the improvement in the social and health situation, the provision of in-person training was gradually reactivated, in order to benefit from the advantages of active interaction, in particular with regard to behavioural/relationship courses. The return to the classroom was in any case accompanied by multimedia/FAD training, which mainly concerned more technical topics.

Personnel were therefore able to continue their training in Smart Learning mode directly at their residence/home or at the Organisational Unit to which they belonged, facilitating the completion of training and limiting travel, also with a view to sustainable mobility.

The new 2022-2024 three-year Training Plan was designed to achieve the following objectives:

- to identify the training initiatives functional to the development and professional growth of resources, through the adoption of a digital system aimed at mapping the level of acquisition of skills through the assessment of behavioural indicators and the consequent construction of specific development plans;
- to meet the regulatory requirements for the qualification of personnel knowledge and skills and for the governance of operational risk;
- adapting skills to strategic lines and business objectives, designing training courses that contribute to the achievement of business objectives in line with the strategic and organisational choices declared in the 2022-2024 Strategic Plan.

In 2022, appointments continued with the Academies dedicated to Leaders and Young People, an environment in which to enhance resources and their specific skills, continuing in collaboration with the television director Dario Calleri on the topic of Change Management and with The European House - Ambrosetti, with regard to management training.

In addition to the aforementioned Academies, the 2022 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 Managers of the Head Office;

- 'ESG Training', intended to contribute to the evolutionary path towards the integration of ESG (Environmental, Social, Governance) factors in the Bank's business models, with the aim of generating shared value for all stakeholders;
- “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 2022, particular emphasis was placed on insurance training with the provision of a specific assessment aimed at designing specific courses; during the year, constant attention was also paid to 'Occupational Health and Safety', subject to certification; in the credit area, training focused on the EBA LOM Guidelines and on continuous updating relating to the AIRB process, while on the topic of anti-money laundering, meetings continued on the subject of suspicious transaction reports. Lastly, it was planned and released an e-learning course entitled 'Legislative Decree 231 and Whistleblowing', which on the one hand incorporates the useful aspects of Italian Legislative Decree 231/2001 for the creation of virtuous conduct in terms of reporting potential violations, offences or fraud, and on the other hand illustrate the changes determined by the Whistleblowing Directive and represent the impacts on the business model.

With regard to the subsidiary Pitagora, in 2022 the Company, in consideration of the end of the epidemiological emergency deriving from COVID-19, resumed in-person training courses.
With reference to the sales network, in order to guarantee training continuity, both in the phase of registration in the List held by the Agents and Brokers Body ('Organismo Agenti e Mediatori' or OAM) and the periodic professional updating for agents involved in financial activities who are already registered, Pitagora has continued with the activation of distance training courses provided by the Assofin trade association (Assofin Formazione) for the two-yearly professional updating envisaged by the OAM.
In addition, Pitagora, in order to initiate new resources and introduce them to its sales network, trained new agents in financial activities as part of the 'Academy Project'.

The environment

For some time now, the Cassa di Risparmio di Asti Group has shown a growing sensitivity to environmental and social as well as economic issues, thanks to the deep conviction that an ethical and sustainable choice does not conflict with economic success, but rather favours it.

In line with this principle, over the last few years a process has been launched, in continuous evolution, aimed on the one hand to deepen our sustainable commitment and on the other to make 'visible' to all Stakeholders not only our vocation of 'local banking' that contributes to the development of the community in which it operates, but also our inclination and attitude to act in well-defined areas such as environmental responsibility, social commitment, personnel management, customer relations, management of the supply chain, and the fight against active and passive corruption.

In confirmation of this responsibility, in 2022, the Group defined a specific multi-year project aimed at encouraging the development of ESG issues in the application plan, in its business and in related operating processes.

For more details, please refer to the 2022 Consolidated Non-Financial Statement, published on the website www.bancadiasti.it in the Sustainability section.

Development strategy and projects

During 2022, the achievement of the various objectives set out in the Strategic Plan continued. The application of agile and waterfall 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 Bank and Group companies collaborated.

The '2022 portfolio' included 9 projects, 5 E2E business re-engineering processes and 3 Workshops. All projects have achieved what is planned for 2022 and will be completed in 2023, except for the 'Evolution of the planning model' project, which was completed by the end of the year. The BPR programmes and the Workshops on the other hand, are valid over the 2022-2024 Strategic Plan.

AIRB project

As part of the projects relating to the issue of capital asset quality, the AIRB project continued to further refine and consolidate the models, processes and supporting instruments. At the end of 2022, the internal model validation process was launched. The use of the AIRB Rating System in all phases of credit management is now well established, with the widespread use of risk-based parameters in decision-making processes, in line with market best practices and national and international regulatory requirements.

Interest rate hedging project

After a long market period in which interest rates first reached levels close to zero and subsequently also negative values, the two main Central Banks (Fed and ECB) started a monetary policy path that saw in 2022 the beginning of a period of sudden increases in the respective reference rates with the main objective of bringing inflation back to lower levels.

The effects of this manoeuvre have begun to impact the economies of the countries concerned, with relative increases in interest rates applied to loans to individuals and businesses.

As part of its lending activities, the Bank provides medium/long-term loans indexed at a variable rate to its customers. These loans expose the Bank's customers to the risk of rising interest rates, resulting in a possible need for hedging.
With the 'Corporate Customer Rate Coverage' project, the Bank intends to increase the loyalty of its customers and consolidate their relationships by proposing suitable instruments for the mitigation and management of financial risks for the Corporate Business segment.

In this perspective, the Bank has signed agreements with some specialised intermediaries that have adequate organisational structures and professional skills to carry out specialist trading and advisory activities on OTC derivative financial instruments for hedging purposes, to which they can refer their customers interested in concluding such transactions.

LOM project

In the area of *Loan Origination and Monitoring*, in 2022 the project completed with new interventions what had already been started and implemented in 2021 to fully implement the specific EBA guidelines that established specific criteria and procedures to be followed both in the granting and monitoring of loans and consequently entailed the need for further evolution in the granting and management of credit.

During 2022, with the 'Loan Origination and Monitoring' project, the Bank participated in the operational round tables with the IT partner Cedacri, which regularly released updates to software applications dedicated to credit management.
On the Bank side, the new LOM compliant operating processes were therefore activated for the granting of 'Casanova' mortgage loans to private individuals and businesses, and for loans to performing customers, assigned to the Enterprise Network.

At the same time, software reviews were released, and the new Bank's LOM compliant processes were activated, for the management and post-monitoring of the pricing of the main credit products and the guarantees associated with them.

ESG project

Among the most significant initiatives, it is important to point out the ESG Project, which in 2022 changed its mission, moving from adaptation of a mainly regulatory nature in the field of sustainability, to the implementation and launch of the Group's sustainable evolution path. The objective is to guide the Company towards an even more sustainable model, improving its competitive positioning and to also seize new business opportunities. Thanks to the holistic approach to sustainability issues, attested by the establishment of the cross-functional working group defined as part of the 2022-2024 Strategic Plan, the ESG Project managed to achieve important results. Among the main goals achieved were the activation of the Green Mortgages and New Energies Ceilings, intended for private customers and companies respectively, the attainment of RINA certifications on 'Health and Safety of Workers' (ISO 45001) and on 'Gender Equality' (UNI/PdR 125:2022) and the implementation of the Sustainability Plan, integrated into the 2022-2024 Strategic Plan. The initiatives of the Sustainability plan, defined on the basis of the priorities dictated by the Stakeholders as part of the survey dedicated to them, will on the one hand contribute to supporting the territory and customers (particularly companies) towards a path of orderly transition, and on the other to the reduction of transition risk and the mitigation of the physical risk of our Group.

We Finance project

The main objectives of the We Finance Company Integration Project within the Banking Group are the strengthening of the Internal Control System and the guidance and coordination mechanisms, the full compliance with the legislative and regulatory obligations, enhancing the typical features of We Finance through an improvement of potential and minimisation of inefficiencies. As part of the integration project, the centralisation of the Compliance Functions at the Parent Company and the Internal Audit, Complaints Management and Corporate Secretariat Functions at Pitagora were started on 17 March 2022. Appropriate assessments were also carried out, aimed at proceeding with the centralisation of the Risk Management and Anti-Money Laundering Functions within the Parent Company, starting from the first months of 2023 and subject to authorisation by the Supervisory Authority. With these centralisations, the entire Internal Control System will be monitored directly by the Parent Company or by Pitagora. Lastly, the impacts of IT migration and further centralisation that are expected by March 2023 were assessed, which will guarantee the full integration of We Finance within the Group Information System.

Customer Plus Project

With reference to the Customer Plus Project, the roll-out of the new customer-centric CRM system was successfully completed. The application is currently in use on all Branches and Head Office, involving around 1,200 colleagues who were trained during the year. There is a particularly high adoption rate for the various functions, both in terms of the number of operators and the number of transactions carried out from a fully digital perspective. Among the main strengths on the operation side, we recall the calendars with an overall view of the Branch's appointments, the possibility of extracting target lists on the specific personal and economic values of the Customer, and the creation of Branch micro-campaigns managed independently by the sales network and monitored by the competent central functions. With regard to the customer, communication was strengthened through the adoption of automated alerts and there was an improvement in the commercial proposition by engaging specific targets in a timelier manner. In addition, during the last four months, the new Queue Management system was also released on a CRM basis in 41 Branches. With a view to ESG, the use of thermal paper for queue-marking receipts was eliminated altogether and a pre-alert function of one's turn via SMS was activated. In light of the excellent commercial results achieved, important evolutionary lines have been defined for 2023. In fact, both the new management system for the Banking Centre and Online Branch in the CRM area and the new portfolio system with monitoring will be released.

Business Process Reengineering E2E

With the aim of reshaping the main operating processes in an end-to-end and digital key, the multi-year strategic project 'Review of E2E Processes' was launched, which saw the constant involvement of the competent company functions and the support of the main technological partner ION/Cedacri in 2022; the strategic processes identified, to which the redesign objectives have been applied, are: Mortgage Loans to Private Individuals, Business Credit, Opening Current Accounts, Mutual Investment Funds and Asset Management, Master Data. The applied methodology, cross-functional collaboration, iterative analysis phases with incremental levels of analysis, customer-centric approach and careful measurement of pre- and post-release processes make it possible to obtain concrete results that comply with expectations, generating value for all stakeholders through constant and measurable progress.

In the first phase of activity according to the methodological approach shared with the technological partner, a Business Process Analysis (BPA) was carried out, which made it possible to examine, document and codify the core processes of the Bank subject to BPR; during the BPA, 113 internal actors were involved (mostly branch operators), 62 interviews were carried out and 34 diaries were collected: through this approach a significant wealth of knowledge was accumulated (identified: 43 groups of actors), 80 processes, 119 systems, 835 activities, 249 pain points), and a high level of awareness of the main opportunities for improvement was gained.

On the basis of the important results achieved through the BPA, the second phase of the activity was launched, i.e. the Implementation Analysis (IA) aimed at identifying the solutions to be adopted and any functional gaps, and defining a roll-out plan. During this phase, also thanks to the contribution of 60 internal players involved, it was possible to identify 258 unique requirements and formulate 330 user stories (a tool that makes it possible to describe the desired functions of a given system from the point of view of the user experience) with related acceptance criteria (development requirements that must be met to consider a completed user story).

At the end of the AI, an innovation plan was defined with incremental releases in hybrid agile and waterfall mode, the development of which is already underway. The planned interventions will make it possible to streamline operating processes by improving performance in a measurable way and to build innovative solutions that are able to increasingly meet customer needs by enhancing the quality of the service provided and making banking products and services more accessible and usable in a simple and flexible way, preserving the relational nature of the banking relationship and increasing commercial results and competitiveness.

In order to achieve the stated objectives, cutting-edge digital technologies will be used that will determine evolutions in all areas of intervention: multi-channelling as a method of collaboration with private or business customers, digital identity as a tool for customer identification, new signature solutions aimed at digitising contracts and reducing the number of signatures to be affixed with a consequent reduction in signing times.

In 2022, particular attention was paid to the processes relating to Mortgage Loans to Private Individuals and Business Credit, which will benefit from further and unique innovations such as the use of information from external databases to improve the examination of creditworthiness in the preliminary investigation phase and the application of algorithms to support decisions/resolutions to facilitate the assessments aimed at disbursement.

For 2023, the activity is expected to continue through the execution of additional IA, in line with the objectives of the Strategic Plan, and the methodological approach described could be extended to other processes.

Workshops

In line with the objectives of the 2022-2024 Strategic Plan, the experimentation activities of 3 workshops were launched, focused respectively on: Data Driven Banking, Direct Channels and Communication and Business Advisory (Your Advisor). The initiatives undertaken had the common goal of analysing the market context, selecting partners, 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, and 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. The industrialisation of the value processes within the workshops is the tangible result that testifies to the participation and strong ideational commitment.

Direct Channels and Communication Workshop

The Direct Channels and Communication Workshop aimed at identifying functions and services within Home Internet Banking that can be used by customers in self-service mode or through remote consulting. Specifically, research and assessments were carried out aimed at future integrations of Fintech and Insurtech, which took the form of market analysis, contacts with companies, analysis and evaluation of collaboration and integration proposals. In line with these activities, the possibilities of integration were analysed to allow customers to benefit from remote advisory services and subscription to products and services through Apps, PCs and Smartphones with the support of the OnLine Branch. Analysis and development activities are underway with ION/Cedacri to ground what was tested in 2022 and build the technological infrastructure to gradually introduce the concept of the 'Digital Branch'.

In line with the objectives of the workshop, specific functions in the field of finance were implemented and released within Internet Home Banking to allow customers to consult their assets and related returns in an advanced manner.

Your Advisor Workshop

As part of the Your Advisor Project, with regard to the National Recovery and Resilience Plan or NRRP, numerous measures were analysed and monitored by the Business Market Service Offices in 2022. Out of 4 of these, consistent by sector and type of intervention with the Bank's strategies, training activities were carried out on the Networks and proposition to customers, which in detail are:

- 'Parco Agrisolare' Measure: more than 1,200 customers potentially affected by the measure identified and communicated to our Networks through the CRM;
- 'ON - Beyond new companies at zero rate' Measure: training was carried out on the measure for both Business Managers and Business Consultants;
- 'Smart & Start' Measure: training was carried out on the measure for both Business Managers and Business Consultants;
- 'Female Enterprise Fund' Measure: among those potentially targeted, 24 business customers requested advice on subsidised finance from our partner, CDR, in order to assess participation in the measure.

The analysis and monitoring of the measures proposed as part of the NRRP will continue in 2023, with the possible formation of the Networks and proposal to customers.

Data Driven Banking Workshop

The Data Driven Banking Workshop aims to develop use cases by applying the chosen methodological framework, selecting the best software to process and use data and increasing internal skills in data science. In 2023, the first 'personal' use case was created, which aimed to provide quantitative elements that could be used to support the selection of candidates and the management of online mobility. The stages covered with the technologies were as follows: the definition of Logical and Physical Design, the development of the Data Asset and Model and lastly, the development of Analytics and Reporting.

With the same technical path, additional use cases were conducted and concluded, one in the area of finance - negotiation controls with the aim of streamlining and industrialisation of controls, and one on commercial monitoring in an efficient manner and using 'data driven' logic to make the numerous manual re-processing of data and the consequent processing of statistics more efficient.

With regard to the subsidiary Pitagora, the Company continued its activities to increase the efficiency of the information systems and operational adaptation to the new regulations issued or entered into force during the year.

In the above-mentioned period, the following projects were completed internally:

- 'After Sales' process
  The loan repayable through an irrevocable payment mandate, which was included in the commercial offer of Pitagora starting from 1 January 2022, required specific and peculiar post-sales activities with respect to the salary-backed loan product. With this in mind, a new application was created and a new process was defined in order to make credit recovery activities more efficient and effective.
- Revision of the 'Pitagora Product'
  During the year 2022, Pitagora started the revision of the sales conditions available to the commercial network to be more competitive with respect to the market and offer customers a product more suited to the target market.
- Shared 'APP Day' calendar
  As part of the consolidation of the partnership with the Iccrea Cooperative Banking Group, the Company has implemented the so-called 'Synergies Update' and 'Contact Management' portals, made available to the Partner and the Company's sales network.
  This update will allow the organisation and planning of specific commercial events at the bank's branches.
- Activation of the 'full digital' process.
  Pitagora has activated the 'full digital' sales process, making it possible to carry out remote promotion and placement activities. This process will make it possible to expand the range of financing transactions concluded entirely online with respect to the current 'qualified electronic signature' procedure dedicated to the signing of contractual documentation, also in order to promote sustainable choices.

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 Corporate Control Functions also include the Anti-Money Laundering Function, which is responsible for preventing and combating money laundering and terrorist financing, as defined by the Bank of Italy pursuant to 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 companies Pitagora S.p.A. and We Finance 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 or Supervisory provisions are also in place:

Risk Committee, 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 provisions governing banking activity (external and internal, including the Group's Code of Ethics), 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 (and relative implementation) 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.

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 2022, 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 the regional commercial nature of the Parent Company, 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 risk component of the Group's business and credit risk is the most significant source.

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, also taking into account collateral guarantees that may be acquired, the effectiveness of which is periodically verified.

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 mostly 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.

Trading activities (FVTPL portfolio) are used as a supplementary source of revenues in the overall management of the proprietary finance segment.

The Group operations on the markets regarding financial instruments and foreign currencies are traditionally characterised by the utmost prudence and therefore, keep exposure to the risks it generates contained.

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 of not being able to meet its payment obligations 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' (including the '*Contingency Funding and Recovery Plan*', forming an integral part thereof) 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 insufficient 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 or losses of 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.

In this context, Data Quality aims 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

Since 2015, with the ratification of the Paris Agreement on climate change, sustainability and the transition to a low-carbon economy have become fundamental elements to guarantee long-term competitiveness.
The above has translated, from a regulatory point of view, into various provisions issued by the EU and the Regulator (ECB and EBA Guidelines), which emphasise the centrality of climate and environmental risks.
In this constantly evolving context, the CRAsti Group has worked to investigate these issues in view of the future adoption of new models, scoring techniques and external scenarios from recognised international providers (ECB Climate Stress Test, NGFS).
At the end of 2021, the ESG initiative was included as an enabling factor in the 2022–2024 Strategic Plan and consequently in 2022, the Bank activated a specific project initiative in this area.
This project has already achieved important results, including:

- obtaining the certifications issued by RINA on Gender Equality and on Occupational Health and Safety;
- the adoption of the Equality, Equity and Inclusion Policies,
- the release of the 'New energies' and 'Green mortgages' ceilings,
- the adoption of the new MIFID questionnaire with a specific section on customer sustainability preferences;
- the drafting of the Sustainability Plan.

The Sustainability Plan sets out the voluntary actions that the Group intends to implement in the Sustainability area and therefore is in addition to the initiatives dictated by regulatory provisions.
The ESG initiative is part of a broader legislative/regulatory framework, which includes the issue by the Bank of Italy of the Supervisory Expectations on climate and environmental risks, which took place on 8 April 2022.
In the second quarter of 2022, Banca di Asti was selected together with other *Less Significant Banks* to contribute to the *Thematic Review on climate-related and environmental risks* of the ECB. Also on the basis of the results of this survey communicated by the Supervisory Authority, Banca di Asti has prepared a plan of alignment initiatives to be completed in the two-year period 2023-2024, in compliance with the requirements of the same Authority, while providing for a further expansion of the Group Sustainability Plan.

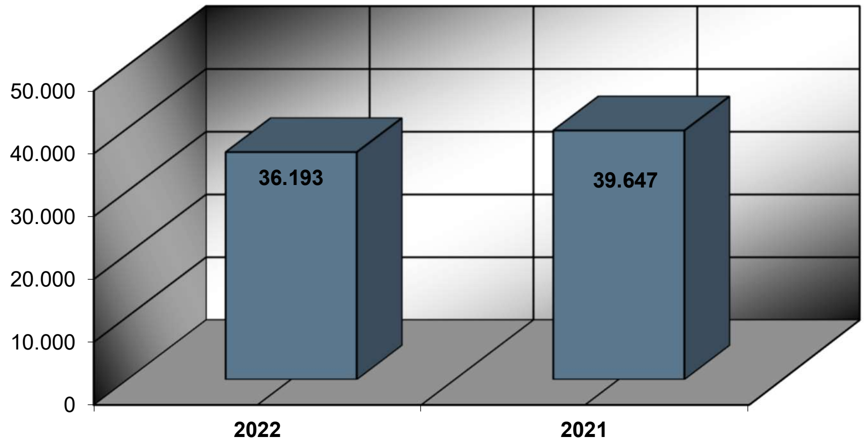
Consolidated non-financial statement

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 affected by the impacts of the Russian-Ukrainian conflict and the consequent inflationary tensions that characterised the whole of 2022, the Group achieved a net profit of € 36.2 million (with a ROE of 3.54%), which amounted to € 51.4 million (5.03% of ROE) net of extraordinary non-recurring charges relating to both the Solidarity Fund and the provisions deriving from recent jurisprudential guidelines relating to the consumer credit market (+26.32% compared to the figure for 2021 recalculated with homogeneous criteria).

NET PROFIT
(€/thousand)



The results of the 2022 financial year confirm the validity of the 2022-24 Strategic Plan and the effectiveness of the related guidelines, as well as the ability to concretely implement them, the resilience and adaptation to the economic context characterised by high volatility and uncertainty (also fuelled by the outbreak of the Russian-Ukrainian conflict).

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 positive economic result also in 2022, higher than the set targets, despite a significant component of extraordinary charges, and at the same time to consolidate the Group's "fundamentals", 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.

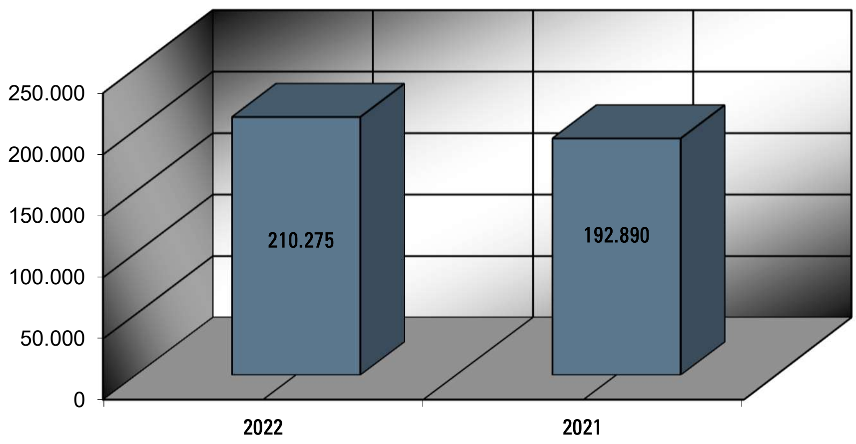
The analyses of income trends, illustrated below, refer to the Consolidated Income Statement, reclassified according to operating criteria, with a view to highlighting, by examining interim results, the subsequent levels of formation of the final economic result.

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

Net interest margin amounted to € 210.3 million, up compared to the figure for 2021 (€ +17.4 million, +9.01%) thanks to the growth in volumes and the trend in interest rates.

NET INTEREST MARGIN
(€/thousand)



NET INTEREST MARGIN	2022 (€/thousand)	2021 (€/thousand)	% change
Interest income and similar revenues	293,184	266,597	9.97%
Interest expense and similar charges	-82,909	-73,707	12.48%
Net interest margin	**210,275**	**192,890**	**9.01%**

Gross banking income

The gross banking income amounted to around € 436 million, compared to € 413.1 million in 2021 (+5.54%) and included:

- net fees and commissions achieved by the Group's commercial banks for € 138.6 million (+5.75% yoy);
- the net result from financial assets and liabilities amounted to € 106.1 million (-9.6%), which includes both the profit (loss) from transactions in financial instruments (amounting to € 44.9 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 which, net of prepayment provisions, amounted to € 61.2 million;

- the changes in the treatment of fees and commissions of the subsidiary Pitagora, deriving from the consolidated accounting classification methods for the CQS/CQP product in relation to intercompany sales.

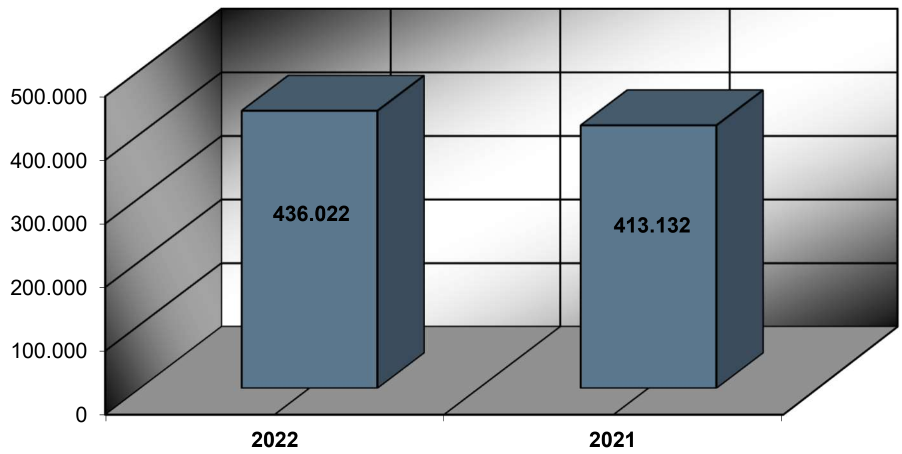
GROSS BANKING INCOME	2022 (€/thousand)	2021 (€/thousand)	% change
Net interest margin	210,275	192,890	9.01%
Net fees and commissions	104,412	89,097	17.19%
- management, brokerage and consulting	*70,170*	*65,610*	*6.95%*
- collection and payment services	*21,853*	*20,547*	*6.36%*
- loans and guarantees	*1,898*	*1,977*	*4.00%*
- management of current accounts and deposits	*30,608*	*29,494*	*3.78%*
- other services	*-20,117*	*-28,531*	*-29.49%*
Dividends and similar income	10,417	10,425	-0.08%
Other operating income (expenses)	4,819	3,338	44.37%
Results of other financial assets and liabilities	106,099	117,382	-9.61%
Gross banking income	**436,022**	**413,132**	**5.54%**

Net fees and commission income amounted to € 104.4 million, up by 17.19% compared to 2021. Focusing the scope of analysis on the Bank, net fees and commission income (amounting to € 138.6 million) would instead have recorded an increase of 5.75% compared to 2021.
In particular, the net fees and commission income of the management, brokerage and financial and insurance consulting segment totalled € 70.2 million, up by 6.95% on 2021.
In relation to other net fees and commissions, the revenues from collection and payment services amounted to € 21.9 million, an increase compared to 2021 (+6.36%), while those received for current accounts and deposits management, also up compared to the previous year (+3.78%), amounted to € 30.6 million. Commissions relating to other services are negative and equal to € -20.1 million, and for the Group are mainly composed of commissions relating to credit transactions, down compared to 31 December 2021 (-29.49%).

Dividends on equity investments received by the Group amounted to € 10.4 million (unchanged value compared to 2021) and mainly refer to the equity investment held in the Bank of Italy.

Other operating expenses and income amounted to € 4.8 million and are up compared to the figure as at 31 December 2021.

GROSS BANKING INCOME
(€/thousand)



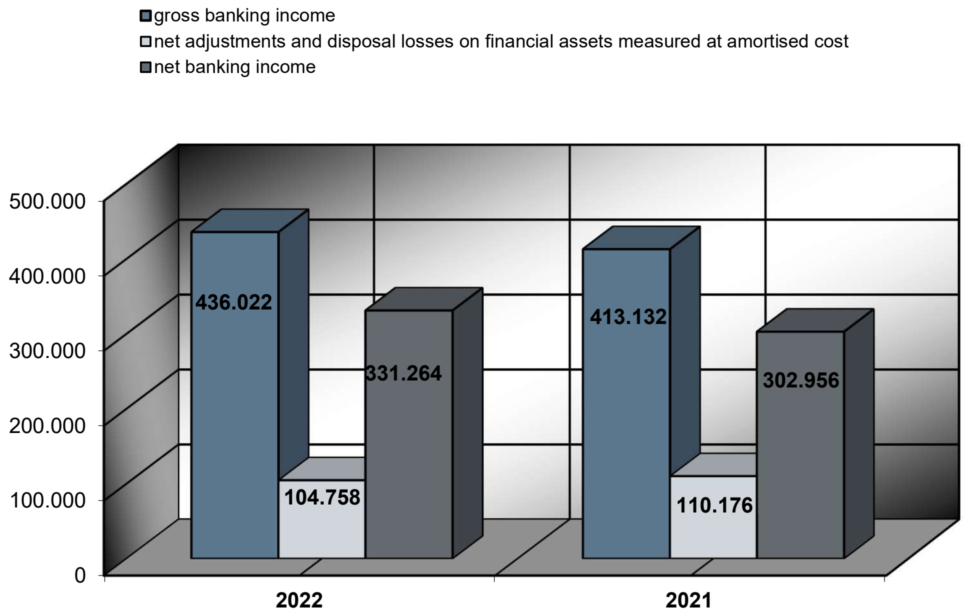
Net banking income

Net banking income, net of losses on disposal, value adjustments on financial assets measured at amortised cost and losses from contractual changes without derecognition, amounted to € 331.3 million, an increase of € 28.3 million (+9.34%) compared to the previous year.

Losses resulting from the disposal of financial assets measured at amortised cost totalled € 59.2 million, against € 18,1 million in 2021, and related almost entirely to derisking operations conducted during the year in line with the Group NPL Strategy.

Net adjustments to loans and advances to customers made during the year amounted to € 44.5 million (€ 92.2 million as at 31 December 2021) and resulted in a consequent cost of credit, excluding losses on disposals, of 0.57% of gross loans and advances to customers (1.22% as at December 2021).

NET BANKING INCOME	2022 (€/thousand)	2021 (€/thousand)	% change
Gross banking income	436,022	413,132	5.54%
Gains (Losses) on disposal of financial assets measured at amortised cost	-59,213	-18,135	226.51%
Net adjustments for credit risk on financial assets measured at amortised cost	-45,401	-91,678	-50.48%
- of which: net adjustments on customer loans and advances	*-44,511*	*-92,167*	*-51.71%*
Profits/losses from contractual changes without derecognition	*-144*	*-363*	*-60.33%*
Net banking income	**331,264**	**302,956**	**9.34%**



Profit before tax from continuing operations

The profit before tax from continuing operations for 2022 amounted to € 51.4 million, down 9.22% on the previous year.

Operating costs amounted to € 267.7 million (+6.96% compared to December 2021). Personnel costs, which represent approximately 53.36% of total operating costs, amounted to € 142.8 million and were up by 8.32% compared to the corresponding figure for 2021, mainly as a result of charges incurred for the use of the Solidarity Fund. Net of this extraordinary component, personnel costs amounted to € 135.3 million and the increase over the previous year was 2.57%.
The component relating to other administrative expenses, net of the contributions to the National Resolution Funds SRF and DGS (€ 13.8 million), amounted to € 86.5 million, recording an increase of 5.98% compared to 2021.

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 2022, 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 was € 24.5 million, up against last year (+6.0%).

As regards the Bank, the item net provisions for liabilities includes net provisions relating to complaints, disputes or requests for relief and revocation of approximately € 1.8 million. As a result of the ruling of the European Constitutional Court no. 263 of 22 December 2022 (the 'Lexitor ruling'), the Bank has set aside approximately € 370 thousand for potential future charges.

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

- potential future expenses relating to collection costs charged by INPS, amounting to € 1.4 million;
- potential future charges related to possible customer complaints amounting to € 6.4 million, in relation to the above-mentioned Constitutional Court ruling no. 263 of 22 December 2022 (so-called 'Lexitor ruling') as better clarified in section 4 of the Accounting Policies.

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

- € 0.9 million, as a provision in reference to the Lexitor Ruling;
- € 122 thousand, as a prudential provision made on receivables to meet the arising of any potential liabilities.

The Group's Cost/Income ratio, the key indicator of industrial efficiency, stood at 61.39% (60.58% as at 31 December 2021). Its operational value, recalculated to exclude extraordinary expenses associated with SRF, IDPF and Solidarity Fund contributions, was 59.66%, 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	2022 (€/thousand)	2021 (€/thousand)	% change
Net banking income	331,264	302,956	9.34%
Operating costs	-267,681	-250,259	6.96%
- personnel expenses	-142,841	-131,869	8.32%
- personnel expenses	-135,282	-131,890	2.57%
- allocations to the Solidarity Fund	-7,559	21	n.s.
- other administrative expenses	*-100,329*	*-95,266*	*5.31%*
- other administrative expenses	*-86,547*	*-81,667*	*5.98%*
- contribution to SRF and DGS	*-13,782*	*-13,599*	*1.35%*
- net adjustments on property, plant and equipment and intangible assets	*-24,511*	*-23,124*	*6.00%*
Net provisions for risks and charges	-12,347	4,348	-383.95%
Gains (losses) on disposal of investments	140	-449	-131.18%
Profit (loss) from continuing operations	**51,376**	**56,596**	**-9.22%**

OTHER ADMINISTRATIVE EXPENSES	2022 (€/thousand)	2021 (€/thousand)	% change
IT expenses	-33,141	-31,965	3.68%
Property expenses	-12,936	-10,718	20.69%
General expenses	-25,997	-26,203	-0.79%
of which: - contribution to National Resolution Fund and IDPF	*-13,782*	*-13,599*	*1.35%*
Professional and insurance expenses	-18,253	-16,363	11.55%
Utilities	-3,695	-3,681	0.38%
Promotional, advertising and marketing expenses	-3,772	-3,872	-2.58%
Indirect taxes and duties	-2,535	-2,464	2.88%
Other administrative expenses	**-100,329**	**-95,266**	**5.31%**

These types of expenses are shown net of the relative recoveries

Taxes and net profit

The net profit of the Group was € 36.2 million, a decrease of € 3.5 million compared to the 2021 result (-8.71%), and included € 35.6 million in profit pertaining to the Parent Company and around € 600 thousand in profit pertaining to minority interests.

The results as at 31 December 2022 are fully in line with the budget objective. Net of extraordinary charges (Solidarity Fund and Lexitor), the net result from ordinary operations amounted to € 51.4 million (+21.3% on 2021). Taking into account the complex and difficult context, the results therefore 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, related to years reporting tax losses and excess ACE, by the year 2026, and the taxes recognised in 2018 for the write-down of receivables on FTA of IFRS 9, on a straight-line basis until 2028, in accordance with the laws currently in force.

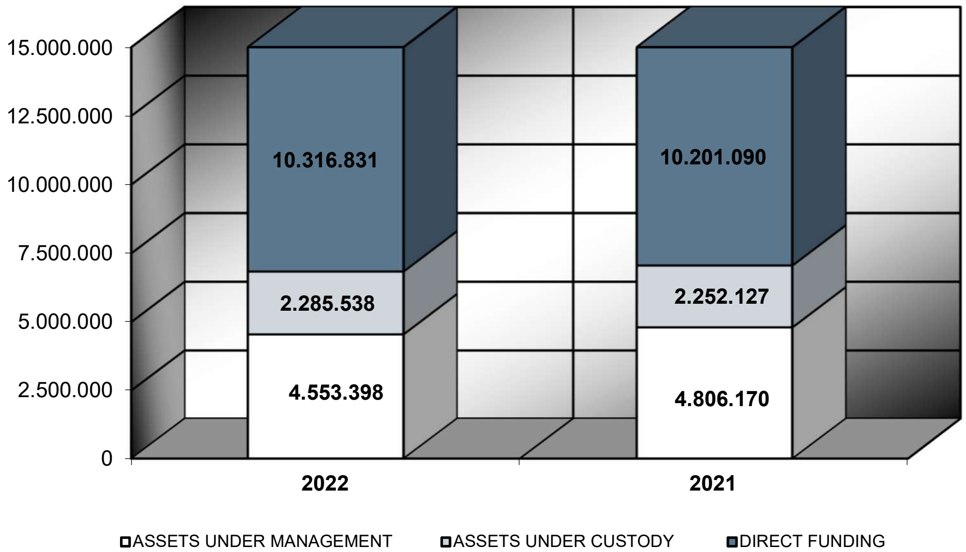
NET PROFIT	2022 (€/thousand)	2021 (€/thousand)	% change
Profit (loss) from continuing operations	51,376	56,596	-9.22%
Tax expense (recovery) on income from continuing operations	-15,183	-16,949	-10.42%
Net profit	**36,193**	**39,647**	**-8.71%**
Net operating profit	**51,437**	**40,721**	**+26.32%**

Assets managed on behalf of customers

As at 31 December 2022, brokered financial assets amounted to € 17.2 billion, substantially stable compared to the previous year despite the strong negative impacts on the value of securities due to the performance of the financial markets. New funding amounted to € 779 million, of which over € 400 million in assets under management, an important result that made it possible to contain the decrease in the value of the sector to 0.6% compared to the data of December 2021.

Fiduciary assets from non-institutional customers amounted to € 15.8 billion, recording a decrease of 2.72% compared to the previous year, due to fluctuations in market prices mainly due to the increase in rates. Net of these impacts, the aggregate in 2022 recorded growth of 4.5%.

Within this aggregate as a whole, direct funding continues to be the most important component, representing around 60.14% of the total.



TOTAL FINANCIAL ASSETS	2022		2021		Change
	Amount	%	Amount	%	%
Direct funding	10,316,831	60.14%	10,201,090	59.10%	1.13%
of which: from customers	*8,918,138*	*51.98%*	9,139,832	52.96%	*-2.43%*
of which: from market securitisation	*1,278,081*	*7.45%*	996,186	5.77%	*28.30%*
of which: from institutional funding	*120,612*	*0.70%*	65,072	0.38%	*85.35%*
Assets under management	4,553,398	26.54%	4,806,170	27.85%	-5.26%
Assets under custody	2,285,538	13.32%	2,252,127	13.05%	1.48%
Total financial assets	**17,155,767**	**100.00%**	**17,259,388**	**100.00%**	**-0.60%**
of which: from customers	*15,757,074*	*91.85%*	16,198,129	93.85%	*-2.72%*

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 31/12/2022*

Direct funding At the end of 2022, the Group's direct funding amounted to € 10.3 billion, up 1.1% from the beginning of the year. The component relating to ordinary customers amounted to € 8.9 billion, down by 2.4% compared to 2021.

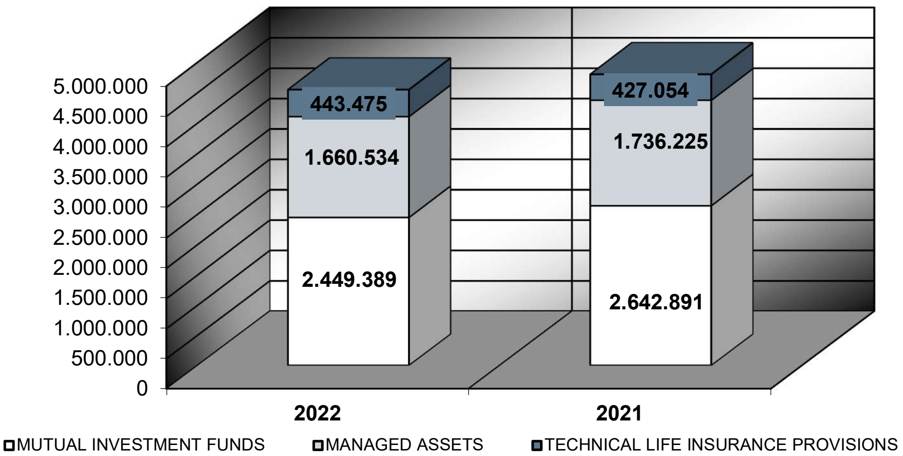
In this segment, the volume of bonds increased by € 33.2 million (+1.60%) following the placement on the market of securities deriving from securitisation of loans, while current accounts decreased by € -56.7 million (-0.73%).

DIRECT FUNDING FROM CUSTOMERS	2022	2021	Change	
			Absolute	%
Bonds	2,116,446	2,083,193	33,253	1.60%
of which: originating from securitisation	915,294	760,550	154,744	20.35%
of which: measured at fair value	39,767	42,907	-3,140	-7.32%
Current accounts	7,658,158	7,714,849	-56,691	-0.73%
Repurchase agreements	0	1,849	-1,849	-100.00%
Savings deposits	83,516	90,503	-6,987	-7.72%
Banker's drafts	28,587	30,799	-2,212	-7.18%
Certificates of deposit	0	15	-15	-100.00%
Lease liabilities	37,237	36,694	217	0.59%
Other funding	392,887	243,188	149,699	61.56%
Total direct funding	**10,316,831**	**10,201,090**	**115,415**	**1.13%**

Assets under management and under custody Assets under management amounted to € 4.6 billion, recording a decrease compared to the end of 2021 (-5.26%).
Assets under custody amounted to € 2.3 billion, recording an increase of 1.48% as at 31 December 2022.

The change in indirect funding under management calculated on production volumes, immunising the effects of the market, is equal to +8.33%. Similarly, the change in indirect funding under custody, calculated on production volumes net of market impacts, was +11.67%.

Indirect funding therefore totalled € 6.8 billion, recording a decrease of -3.11% over 2021. The change in production volumes, net of market impacts, was +9.40%.



FINANCIAL ASSETS OF CUSTOMERS	2022		2021		Change
	Amount	%	Amount	%	%
Mutual investment funds	2,449,389	53.79%	2,642,891	54.99%	-7.32%
Managed assets - securities and funds	1,660,534	36.47%	1,736,225	36.12%	-4.36%
Technical life insurance reserves	443,475	9.74%	427,054	8.89%	3.85%
Assets under management	**4,553,398**	**100.00%**	**4,806,170**	**100.00%**	**-5.26%**

Loans and advances to customers

As at 31 December 2022, net loans and advances to customers amounted to approximately € 7.6 billion, up (+5.95%) compared to 31 December 2021 (against a banking sector average of +0.34%, as per ABI source), with € 1.7 billion disbursed to households and businesses during the year, confirming the Group's concrete commitment to supporting its customers and therefore the development of the areas served.

Net of derisking, the trend of the aggregate confirms that, despite the unfavourable economic scenario, the Group 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	2022	2021	Changes	
			Absolut e	%
Current accounts	270,473	347,434	-76,960	- 22.15%
Mortgages	5,042,51 6	4,980,47 7	62,039	1.25%
Credit cards, personal loans, and salary and pension assignment loans	1,297,94 2	1,001,12 3	296,819	29.65%
Other transactions	923,260	782,265	140,994	18.02%
Debt securities	21,167	19,765	1,402	7.09%
Total loans and advances to customers	**7,555,35 8**	**7,131,06 4**	**424,294**	**5.95%**

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 is on average low and gradually decreasing.

STATISTICAL TABLE REGARDING THE CONCENTRATION OF THE LOANS PORTFOLIO*	2022	2021
Top 10 groups	3.36%	3.81%
Top 20 groups	5.39%	5.71%
Top 30 groups	6.90%	7.26%
Top 50 groups	9.43%	9.83%
Top 100 groups	13.85%	14.33%

** including the salary and pension assignment loans of the subsidiary Pitagora S.p.A.*
The percentages shown represent the amount granted as at 31/12/2022.

Credit quality

The credit quality, which has been gradually and constantly improving in recent years, is still affected by the consequences of the unfavourable phase of the economic cycle recorded in recent years, aggravated by the outbreak of the Russian-Ukrainian conflict.
During 2022, the Parent Company carried out significant loan disposal transactions, concerning non-performing credit positions.
As part of the first transaction, which took place in the first half of the year, the Parent Company completed, together with other transferring banks, 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 2022 S.r.l. of a portfolio of loans classified and reported as bad loans at the transfer date, also obtaining from the MEF (Ministry of Economy and Finance), pursuant to the Decree of 3 August 2016 and subsequent amendments, the guarantee on the issued liabilities. The multi-originator securitisation transaction, with relative derecognition, regarded loans with a gross book value of € 24,6 million.

At the end of the year, the Parent Company completed, together with a group of other transferring banks, the second non-recourse transfer for consideration and en bloc to the special purpose vehicle company specifically set up "Luzzati POP NPLs 2022 S.r.l." of a portfolio of bad loans, pursuant to Law no. 130 of 30 April 1999 and subsequent amendments and additions. The multi-originator securitisation transaction, with relative derecognition, regarded loans with a gross book value of € 65.9 million.

At the end of the 2022 financial year, there was a significant decrease in the amount of non-performing loans net of value adjustments, which went from € 258 million in 2021 to € 222 million as at 31 December 2022 (-13.97%), with the gross and net NPL Ratio indicators down respectively to 4.99% (from 6.75% in 2021) and to 2.94% (from 3.62% in 2021), ahead of the Plan objectives.

The average level of coverage of non-performing loans is 42.93%, higher than the average for the credit sector, which is 34.60% as stated by the Bank of Italy (latest figure available as at 30 June 2022). The level of operational hedge calculated net of write-offs amounts to 46.69%.

More specifically, bad loans net of value adjustments came to € 80 million, marking a drop of € 5.7 million (-6.78%) from the start of the year, accounting for 1.05% of total loans and a coverage level of 54.75% (system average of 40.30%, source: Bank of Italy, figure as at June 2022).
The level of operational hedge calculated net of write-offs amounts to 60.84%.
Unlikely to pay loans amounted to € 118 million, down by € 39 million (-25.08%) since the start of the year; they represent 1.56% of total loans, and have a coverage level of 35.22% (system average of 33.10%; source: Bank of Italy, figure as at June 2022).

The Texas Ratio, calculated as the ratio of gross non-performing loans to tangible common equity plus provisions, was 34,67% and confirms a good capacity to absorb any unexpected losses on loans.

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

	2022		2021		Changes %
	Amount	%	Amount	%	
Bad loans	79,651	1.05%	85,448	1.20%	-6.78%
Unlikely to pay	118,201	1.56%	157,769	2.21%	-25.08%
Past due loans	24,014	0.32%	14,665	0.21%	63.75%
Non-performing loans	**221,866**	**2.94%**	**257,882**	**3.62%**	**-13.97%**
Performing loans	7,333,492	97.06%	6,873,182	96.38%	6.70%
Loans and advances to customers	**7,555,358**	**100.00%**	**7,131,064**	**100.00%**	**5.95%**

	2022				2021			
	Gross amount	Value adjustments	Net amount	% coverage	Gross amount	Value adjustments	Net amount	% coverage
Bad loans	176,035	96,383	79,652	54.75%	216,803	131,355	85,448	60.59%
Unlikely to pay	182,456	64,255	118,201	35.22%	266,945	109,176	157,769	40.90%
Past due loans	30,292	6,279	24,013	20.73%	18,204	3,539	14,665	19.44%
Total non-performing loans	**388,783**	**166,917**	**221,866**	**42.93%**	**501,952**	**244,070**	**257,882**	**48.62%**
Performing loans	7,394,965	61,473	7,333,492	0.83%	6,933,442	60,260	6,873,182	**0.87%**
Loans and advances to customers	**7,783,748**	**228,390**	**7,555,358**	**2.93%**	**7,435,394**	**304,330**	**7,131,064**	**4.09%**

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

With reference only to the financial assets classified as HTC, they are broken down as follows:

	2022				2021			
	Gross amount	Value adjustmen ts	Net amount	% coverage	Gross amount	Value adjustmen ts	Net amount	% coverage
Bad loans	172,038	93,531	78,507	54.37%	211,111	127,088	84,023	60.20%
Unlikely to pay	179,436	63,489	115,947	35.38%	263,203	108,172	155,031	41.10%
Past due loans	28,548	5,952	22,596	20.85%	16,099	3,158	12,941	19.62%
Total non-performing loans	**380,022**	**162,972**	**217,051**	**42.88%**	**490,413**	**238,418**	**251,995**	**48.62%**
Performing loans	10,002,757	62,640	9,940,117	**0.63%**	8,440,048	60,277	8,379,771	**0.71%**
Loans and advances to customers	**10,382,779**	**225,612**	**10,157,167**	**2.17%**	**8,930,461**	**298,695**	**8,631,766**	**3.34%**

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

As at 31 December 2022, financial assets other than loans to customers amounted to a total of € 3.9 billion, up compared to the previous year (+22.64%). The largest component of the owned securities portfolio, equal to roughly € 2.7 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, € 2.8 billion was refinanced through the European Central Bank. Financial instruments eligible as collateral in financing transactions on the market amounted to € 2.9 billion as at 31 December 2022 net of the ECB haircut, of which € 1.4 billion was committed. As a result, the eligible amount of financial instruments available comes to € 1.5 billion.

	2022 (€/thousand)	2021 (€/thousand)	Changes	
			Absolute	%
NET INTERBANK POSITION	**-1,336,593**	**127,609**	**-1,464,202**	**-1,147.42%**
Loans and advances to banks (*)	1,625,880	2,985,695	-1,359,815	-45.54%
Deposits from banks	2,962,473	2,858,086	104,387	3.65%
FINANCIAL ASSETS	**3,917,391**	**3,194,300**	**723,091**	**22.64%**
Financial assets measured at fair value through profit or loss	74,841	44,298	30,543	68.95%
of which fair value of derivatives	*1,147*	*6,353*	*-5,206*	*-81.95%*
Financial assets measured at fair value through other comprehensive income	1,179,106	1,513,000	-333,894	-22.07%
Other financial assets measured at amortised cost	2,663,444	1,637,002	1,026,442	62.70%
FINANCIAL LIABILITIES HELD FOR TRADING	**2,131**	**7,924**	**-5,793**	**-73.11%**
of which fair value of derivatives	*2,131*	*7,924*	*-5,793*	*-73.11%*
DERIVATIVES (NOTIONAL AMOUNTS)	**2,272,512**	**1,464,344**	**808,168**	**55.19%**

(*) *amounts calculated by reclassifying the ECB deposit facility transaction*

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 2022 is as follows:

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

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 2022.

Amounts are shown in €/thousand

MAIN BALANCE SHEET DATA	BANCA DI ASTI S.P.A.	PITAGORA S.P.A.	IMMOBILIARE MARISTELLA S.R.L.	WE FINANCE S.R.L.
NET LOANS AND ADVANCES TO CUSTOMERS	7,101,290	601,781	0	3,914
DIRECT FUNDING	9,943,657	374,949	0	1,674
INDIRECT FUNDING	6,838,936	0	0	0
TOTAL BALANCE SHEET ASSETS	14,174,092	640,760	14,397	9,838
TOTAL OWN FUNDS	1,029,142	71,754	0	1,205

MAIN INCOME STATEMENT DATA	BANCA DI ASTI S.P.A.	PITAGORA S.P.A.	IMMOBILIARE MARISTELLA S.R.L.	WE FINANCE S.R.L.
NET BANKING INCOME	292,370	41,343	148	2,580
OPERATING COSTS	-235,778	-35,958	-402	-2,940
NET PROFIT	39,662	4,021	1,900	1,104

OTHER DATA AND INFORMATION	BANCA DI ASTI S.P.A.	PITAGORA S.P.A.	IMMOBILIARE MARISTELLA S.R.L.	WE FINANCE S.R.L.
EMPLOYEES	1,599	195	0	17
BRANCHES	209	85	0	0

Shareholders' equity

Shareholders' equity, including profit for the year, came to € 1,011 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 2022	**1,005,431**
Increases	**35,592**
- Net profit for the year	35,592
Decreases	**-29,878**
- Dividends	-12,738
- Net change in available reserves	-4,629
- Net change in valuation reserves	-11,561
- Net change in purchases and sales of treasury shares	-945
- Change in provisions for the share premium reserve	-5
Group shareholders' equity as at 31 December 2022	**1,011,145**
Non-controlling interests as at 31 December 2022	**26,274**

The Group's shareholders' equity increased by € 5.7 million compared to the end of the previous year thanks to the allocation to reserves of part of the profit achieved during the period.

The change in valuation reserves, a negative € 11,6 million net of taxation, was primarily attributable to the combined effect of:

- positive change in the value of reserves without reversal to the income statement of € 1.8 million;
- negative change in the value of reserves with reversal to the income statement equal to € -13,4 million.

Share capital of the Parent Company

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

Shareholders	% of share capital
Fondazione Cassa di Risparmio di Asti	31.80%
Fondazione Cassa Di Risparmio di Biella	12.91%
Banco BPM Società per Azioni	9.99%
Fondazione Cassa Di Risparmio di Vercelli	4.20%
Other shareholders	39.69%
Treasury shares	1.41%
Total	**100%**

As at 31 December 2022, the share capital pertaining to the Parent Company 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 Group as at 31 December 2022 are 933,432.
During 2022, 107,590 treasury shares were purchased using the treasury shares in portfolio reserve, amounting to 0.15% of the share capital and a nominal value of € 555,164, at the price of € 1,022,295; the Parent Company also sold 9,700 treasury shares, from the treasury shares in portfolio reserve, amounting to 0.014% of the share capital and a nominal value of € 50,052, at the price of € 97,508. Of these, 2,110 shares were sold to the subsidiary Pitagora, for a nominal value of € 10,888 and a consideration of € 20,045.

At the date of preparation of these financial statements (23 March 2023), the Parent Company held 991,322 treasury shares in the portfolio with a book value of € 11,934,921.

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 2022. That report, approved by the Board of Directors on 23 March 2023, 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 € 1,017.7 million.

The CET1 Ratio (CET1/RWA) amounts to 14.00%, higher than the minimum requirement of 8.15% that the Group is required to comply with, as required by the Bank of Italy in its communication of 18 May 2022, upon conclusion of the periodic review *of the Supervisory Review and Evaluation Process* (SREP). The minimum requirement of 8.15% includes the so-called '*Capital conservation buffer*' of 2.5%. The Tier1 Ratio (Tier1/RWA) amounts to 15.64% and the Total Capital Ratio (Total Own Funds/RWA) amounts to 17.12%; both ratios exceed the minimum requirement set by the aforementioned Supervisory regulations.

OWN FUNDS AND SOLVENCY RATIOS	2022	2021
Own Funds (€/thousand)		
Common Equity Tier 1 (CET1) capital net of regulatory adjustments	832,158	894,873
Additional Tier 1 (AT1) capital net of regulatory adjustments	97,567	97,567
Tier 1 capital (TIER1)	**929,725**	**992,440**
Tier 2 (T2) capital net of regulatory adjustments	87,973	124,868
Total Own Funds	**1,017,698**	**1,117,308**
Risk-weighted assets (€/thousand)		
Portion absorbed for credit and counterparty risk, including the portion absorbed by securitisations	39.49%	34.72%
Portion absorbed for market risk	0.03%	0.00%
- of which:		
a) trading portfolio risk	0.03%	*0.00%*
b) exchange rate risk	0.00%	*0.00%*
Portion absorbed for credit value adjustment (CVA) risk	0.96%	0.97%
Free portion	59.51%	64.30%
Portion absorbed by Operational Risk	6.24%	5.47%
Free portion	53.27%	58.83%
Total capital requirements	475,531	459,950
Excess	542,167	657,358
Total risk-weighted assets (1)	**5,944,141**	**5,749,372**
Solvency ratios (%)		
CET1 Ratio (CET1/RWA)	14.00%	15.56%
Tier 1 Ratio (Tier1/RWA)	15.64%	17.26%
Total Capital Ratio (Total Own Funds/RWA)	17.12%	19.43%

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

(2) As at 31 December 2022, the Group's fully-phased ratios, calculated without applying the IFRS 9 transitional provisions, amount to: CET1 Ratio 13.21%, Tier 1 Ratio 14.86%, Total Capital Ratio 16.35%. For the Group, the Bank of Italy, following the Supervisory Review and Evaluation Process (SREP) concluded with the measure of 18 May 2022, communicated the OCR (Overall Capital Requirement) requirements to be respected at consolidated level equal to CET 1 Ratio 8.15%, Tier 1 Ratio 10.00% and Total Capital Ratio 12.55% (all including the 2.5% capital conservation buffer).

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)	**984,710**	**39,662**
Book value of equity investments	-46,629	
Shareholders' equity book value of equity investments (pro rata)	55,908	
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	29,808	
Alignment with the Group accounting standards:		
- accounting of buildings and land at deemed cost	2,982	
Consolidation for salary assignment loan transactions	-17,143	
Consolidation entries for merger	-30,593	
Consolidation of company under significant influence at equity	-166	
Intercompany netting for dividends		-3,673
Pro-rata profit (loss) of subsidiaries		-397
Consolidated shareholders' equity and profit (loss)	**1,011,145**	**35,592**
Minority shareholders' equity and profit (loss)	**26,274**	**601**

Evolution of the operating context

The beginning of 2023 was marked by several positive developments, including the reopening of the Chinese economy, the decrease in gas prices in Europe, the easing of inflation in the United States and the improvement of confidence indicators. Initial GDP estimates for the fourth quarter of 2022 show a positive driving effect for 2023. On the basis of the recent improvements in indicators and the reduced concern for gas supply, for Italy there are upward revisions of GDP for 2023, whose expected growth would go from 0.4% to 0.7%. The transmission of energy inflation to other components is not yet complete and could slow down the decrease in general inflation despite the decline in consumer inflation recorded in December 2022 and January 2023, fuelled by lower energy tariffs.

In 2022, the measures adopted by the European Union (EU) in response to the invasion of Ukraine, which aimed to reduce the EU's energy dependence on Russia, offset the reduction in Russian gas imports. Compared to 2021, imports of Russian gas by Germany, France and Italy decreased in 2022 by 63%, 19% and 61% respectively, equivalent to 49 billion cubic metres (bcm), 2 bcm and 17 bcm. This was achieved through both supply and demand initiatives. In the first case, through the introduction of incentives to reduce gas consumption on a voluntary basis, aiming for a 15% reduction, and in the second case, through the diversification of energy sources and supplier countries. In addition, storage management measures were adopted to compensate for fluctuations in demand, guaranteeing the continuity of supply during peak periods. Voluntary gas demand reduction policies adopted by European countries have been successful in reducing the use of stored gas. In January 2023, the overall demand for gas in Italy, France, Germany and Spain decreased further, compared to January 2022, by 23%, 18%, 17% and 40% respectively. Overall gas savings in Europe were better than expected. The reduction in gas demand and the increase in stored quantities (favoured by the mild winter and by European policies aimed at reducing consumption) will probably have a significant effect on reducing the volatility of energy prices in the coming months.

Italy's GDP decreased slightly in the last quarter of 2022 (-0.1% compared to the previous quarter), according to the flash estimate of ISTAT, due to a reduction in value added in the agriculture and industry sectors and an increase in services. Domestic demand made a negative contribution, while net exports made a positive contribution. The partial data for trade in goods indicate a stagnation in exports and a sharp decline in imports, after robust growth in the third quarter of 2022.

Lagging behind other European countries, energy prices in Italy are starting to incorporate a lower gas price, which has led to two consecutive months of weaker consumer price dynamics (10.1% in January compared to 11.6% in December 2022 and 11.8% in November 2022). In January 2023, energy prices rose 20 pp less than in December on an annual basis, from 64.7% to 43.1%, but fell only 3.8% on a monthly basis, despite a fall in the price of regulated energy products by 24.7%. The modest monthly reduction in total energy prices is due to the increase in the price of unregulated energy products (which include fuel and energy in a liberalised market), mainly due to the reintroduction of excise duty on gasoline. Due to the transfer of energy price increases along the supply chain, only a gradual reduction in base inflation is expected in the coming months.

Despite an essentially stagnant economic activity, employment (both temporary and permanent) recorded a return to growth in the fourth quarter of 2022, a sign of business confidence in future demand.

The objectives and milestones of the National Recovery and Resilience Plan (NRRP) of 2022 have been achieved and the third payment has been requested. However, these investments still have operational implementation problems that could reduce their impact on economic activity compared to the initial valuation.

For the first time since 2019, the financial balance (savings minus non-financial investments) was negative, due to the slowdown in the growth of savings and high investment. However, the financial savings accumulated by households between the last quarter of 2019 and the third quarter of 2022 in excess of historical values still amount to around € 150 billion. There are signs of a reallocation of household portfolios due to higher interest rates: in the third quarter of 2022, deposits increased less than in the same period of 2021 and bonds increased by € 10.7 billion (compared to a decrease in the third quarter of 2021). The most recent data on bank accounts confirm that in 2022 total household deposits increased less than in 2021 (€ 14.5 billion compared to € 48.7 billion in 2021).

In the October-December period, on an annual basis, growth in consumer credit accelerated slightly, while mortgage lending decelerated. Loans for home purchases were affected by declining sales, the sharp rise in mortgage interest rates and more restrictive lending criteria, which have not changed for consumer credit. In 2022, the liquidity of non-financial companies decreased for the first time since 2011. In the autumn, company deposits began to decline, probably due to high inflation and the need to finance working capital and investments. The most recent data from the BLS (*Bank Lending Survey*) confirm more restrictive credit conditions for loans to companies in the third quarter of 2022, especially for companies in the construction sector.

In 2022, the financing needs of the state sector decreased by € 40.8 billion compared to 2021 and is in line with the government deficit of 5.6% of GDP. The budget law approved by the new Parliament in December 2022 increased the 2023 deficit compared to the current legislative scenario by 1.1 percentage points of GDP (approximately € 21 billion). The increase in the deficit is almost entirely intended to extend the measures already adopted to deal with the energy emergency and protect against inflation until March 2023.

The higher interest rates on new government bonds increased the average yield at issue, from 0.91% in January-June 2022 to 1.71% in 2022 as a whole. At the same time, the average maturity of outstanding securities decreased: it was 7.04 years in 2022, while in 2021 it was 7.11 years; the duration decreased from 5.17 to 5.08 years.

In the Eurozone, the gradual reduction of most of the tax subsidies implemented by the Member States to counteract the higher energy costs could weigh more than expected on economic growth.

Business outlook

For the banking and salary and pension assignment loan sectors, the continuation of the geo-political crisis triggered on the eastern European front by the conflict between Ukraine and Russia is likely to lead to a slowdown in the profitability outlook resulting from the growth scenario. Due to the increase in interest margins supported by the rise in rates, the sector will have to face an increase in the expected deterioration of credit following the slowdown in growth prospects and the increase in costs linked to the inflationary spiral.

In December, the C.R. Asti Group approved the update of the three-year 2022-2024 Strategic Plan, for the preparation of which the focus was placed on planning activities and assessing the sustainability of the business model in light of the changed scenarios and structural changes taking place in the reference market that emerged and were accentuated following the start of the Russian-Ukrainian conflict.

The guidelines underlying the Plan can be broken down as follows:

- maintenance of a high level of capital strength, improving asset quality and profitable use of the liquidity generated by core operations with a view to preserving funding (by stabilising and developing direct retail and wholesale funding) in order to maintain high levels of 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).

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

- the lean and project-driven organisation, including among others end-to-end digital restructuring of some core processes, 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;

- the constant monitoring of the cost base, with active cost management and comparison with comparable benchmarks, as well as the support of enabling investments for the realisation of strategic initiatives;
- IT development, with new management of the primary interface between IT and users for the aspects of innovation generated by recent developments in technology 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).

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.

The Parent Company's Board of Directors, considering the update to the 2022-2024 Strategic Plan, the Group's satisfactory level of capitalisation, and taking account of the consolidated history of profitable business and privileged access to financial resources, has 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 Group will continue to operate in the foreseeable future. Therefore, they prepared the 2022 draft 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 2022 financial statements.

Other Information

With reference to the tax audit of 2017 and the consequent notices of assessment received by the Parent Company on 29 August 2022, issued by the Italian Revenue Agency - Regional Directorate of Piedmont - Large Taxpayers Office, in the context of IRES and IRAP taxes, the Parent Company settled with the Revenue Agency the dispute that arose with assessment for acceptance without any recognition on the merits, without impact from a financial point of view, with offsetting of the receivable, and, from an economic and financial point of view, the substantial zeroing of the tax claim, with an impact nil in the income statement and no decrease in shareholders 'equity. From the point of view of sanctions, the application of sanctions was envisaged in a fixed amount, excluding the existence of any damage to the tax authorities.

For the company We Finance, 75% owned by the company Pitagora, in January 2023 a paid share capital increase project was approved, in cash, for an initial amount of € 1.5 million up to a maximum of € 2 million, offered to shareholders in proportion to the respective shareholding, without prejudice to the commitment of the majority shareholder Pitagora to subscribe any un-opted shares so as to guarantee the success of the capital increase.

SIGNIFICANT EVENTS AFTER YEAR END

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		31/12/2022	31/12/2021
10.	**Cash and cash equivalents**	1,614,941	**80,296**
20.	**Financial assets measured at fair value through profit or loss**	98,968	**95,449**
	a) financial assets held for trading	21,377	56,171
	c) other financial assets mandatorily measured at fair value	77,591	39,278
30.	**Financial assets measured at fair value through other comprehensive income**	1,216,658	**1,598,165**
40.	**Financial assets measured at amortised cost**	10,243,004	**11,617,445**
	a) Loans and advances to banks	85,837	2,985,679
	b) Loans and advances to customers	10,157,167	8,631,766
50.	**Hedging derivatives**	176,574	**8,184**
70.	**Equity investments**	86	**84**
90.	**Property, plant and equipment**	203,666	**198,791**
100.	**Intangible assets**	87,145	**89,182**
	of which:		
	- goodwill	66,269	66,269
110.	**Tax assets**	251,976	**265,912**
	a) current	36,480	35,986
	b) deferred	215,496	229,926
120.	**Non-current assets held for sale and discontinued operations**	3,987	**67,449**
130.	**Other assets**	778,105	**543,463**
	Total assets	**14,675,110**	**14,564,420**

CONSOLIDATED BALANCE SHEET			
	Liabilities and Shareholders' equity	31/12/2022	31/12/2021
10.	**Financial liabilities measured at amortised cost**	13,239,537	**13,016,269**
	a) Deposits from banks	2,962,473	2,858,086
	b) Deposits from customers	9,115,721	8,878,432
	c) Debt securities in issue	1,161,343	1,279,751
20.	**Financial liabilities held for trading**	2,131	**7,924**
30.	**Financial liabilities designated at fair value**	39,767	**42,907**
40.	**Hedging derivatives**	7,785	**43,440**
60.	**Tax liabilities**	804	**86**
	a) current	804	86
80.	**Other liabilities**	290,146	**362,192**
90.	**Provision for employee severance pay**	14,116	**20,213**
100.	**Provisions for risks and charges**	43,405	**36,683**
	a) commitments and guarantees given	5,247	5,167
	c) other provisions for risks and charges	38,158	31,516
120.	**Valuation reserves**	-60,301	**-48,740**
140.	**Equity instruments**	97,567	**97,567**
150.	**Reserves**	246,901	**229,741**
160.	**Share premium reserve**	339,370	**339,375**
170.	**Share capital**	363,971	**363,971**
180.	**Treasury shares (-)**	-11,955	**-11,010**
190.	**Minority shareholders’ equity (+/-)**	26,274	**29,275**
200.	**Profit (Loss) for the year (+/-)**	35,592	**34,527**
	Total liabilities and shareholders' equity	**14,675,110**	**14,564,420**

GRUPPO CASSA DI RISPARMIO DI ASTI

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT			
Items		31/12/2022	31/12/2021
10.	**Interest income and similar revenues**	**293,975**	**267,642**
	of which: interest income calculated using the effective interest rate method	279,894	265,496
20.	**Interest expense and similar charges**	**(82,909)**	**(73,707)**
30.	**Net interest margin**	**211,066**	**193,935**
40.	**Fee and commission income**	172,959	**162,458**
50.	**Fee and commission expense**	(65,475)	**(70,743)**
60.	**Net fees and commissions**	**107,484**	**91,715**
70.	**Dividends and similar income**	**10,417**	**10,425**
80.	**Net profit (loss) from trading**	**115,025**	**69,935**
90.	**Net profit (loss) from hedging**	**4,183**	**(50)**
100.	**Gains (losses) on disposal or repurchase of:**	**(64,696)**	**41,814**
	a) financial assets measured at amortised cost	(54,141)	37,444
	b) financial assets measured at fair value through other comprehensive income	(11,843)	5,248
	c) financial liabilities	1,288	(878)
110.	**Net profit (loss) from other financial assets and liabilities measured at fair value through profit or loss**	**941**	**4,138**
	a) financial assets and liabilities designated at fair value	2,024	1,202
	b) other financial assets mandatorily measured at fair value	(1,083)	2,936
120.	**Net banking income**	**384,420**	**411,912**
130.	**Net adjustments/recoveries for credit risk relating to:**	**(43,843)**	**(91,089)**
	a) financial assets measured at amortised cost	(45,401)	(91,678)
	b) financial assets measured at fair value through other comprehensive income	1,558	589
140.	**Profits/losses from contractual changes without derecognition**	**(144)**	**(363)**
150.	**Net income from financial activities**	**340,433**	**320,460**
160.	**Net premiums**	0	0
170.	**Other net insurance income (expense)**	0	0
180.	**Net income from financial and insurance activities**	**340,433**	**320,460**
190.	**Administrative expenses:**	**(272,059)**	**(256,449)**
	a) personnel expenses	(145,219)	(134,551)
	b) other administrative expenses	(126,840)	(121,898)
200.	**Net provisions for risks and charges**	**(23,263)**	**(13,876)**
	a) commitments and guarantees given	(90)	149
	b) other net provisions	(23,173)	(14,025)
210.	**Net adjustments to/recoveries on property, plant and equipment**	**(15,839)**	**(15,928)**
220.	**Net adjustments to/recoveries on intangible assets**	**(7,691)**	**(6,219)**
230.	**Other operating expenses/income**	**29,655**	**29,057**
240.	**Operating costs**	**(289,197)**	**(263,415)**
250.	**Gains (losses) on equity investments**	0	0
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**	140	(449)
290.	**Profit (loss) before tax from continuing operations**	**51,376**	**56,596**
300.	**Tax expenses (income) for the year from continuing operations**	(15,183)	(16,949)
310.	**Profit (loss) after tax from continuing operations**	**36,193**	**39,647**
320.	**Profit (loss) after tax from assets held for sale and discontinued operations**	0	0
330.	**Profit (loss) for the year**	**36,193**	**39,647**
340.	**Minority profit (loss) for the year**	**601**	**5,120**
350.	**Parent company's profit (loss) for the year**	**35,592**	**34,527**

GRUPPO CASSA DI RISPARMIO DI ASTI

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME			
Item	**ITEMS**	**31/12/2022**	**31/12/2021**
10.	**Profit (loss) for the year**	**36,193**	**39,647**
	Other comprehensive income after tax not reclassified to profit or loss		
20.	Equity instruments designated at fair value through other comprehensive income	176	(49,740)
30.	Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(107)	(272)
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	1,811	12,814
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	10,636	5,455
130.	Hedging instruments (elements not designated)	0	0
140.	Financial assets (different from equity instruments) at fair value through other comprehensive income	(25,415)	(38,330)
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**	**(12,899)**	**(70,073)**
180.	**Other comprehensive income (Item 10+170)**	**23,294**	**(30,426)**
190.	**Minority consolidated other comprehensive income**	**(729)**	**4,868**
200.	**Parent Company's consolidated other comprehensive income**	**24,023**	**(35,294)**

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 31.12.2021	Changes in opening balances	Balance as at 01.01.2022	Previous year profit (loss) allocation		Changes during the year									Group shareholders' equity as at 31.12.2022	Minority shareholders' equity as at 31.12.2022
							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 Investment	Other comprehensive income for 2022		
SHARE CAPITAL																
- ordinary shares	380,909		380,909	0			0	0					-141		363,971	16,797
- other shares	0		0	0			0	0					0		0	0
SHARE PREMIUM RESERVE	**339,375**	**0**	**339,375**	**0**		**0**	**-5**						**0**		**339,370**	**0**
RESERVES																
- profit	91,155	0	91,155	26,909		0	0	0	0				151		109,840	8,376
- other	143,964	0	143,964	0		-6,903	0		0		0	0	0		137,061	0
VALUATION RESERVES	**-46,902**	**0**	**-46,902**			**0**							**0**	**-12,899**	**-60,301**	**500**
EQUITY INSTRUMENTS	**97,567**		**97,567**							**0**			**0**		**97,567**	**0**
TREASURY SHARES	**-11,010**		**-11,010**			**0**	**97**	**-1,042**							**-11,955**	**0**
PROFIT (LOSS) FOR THE YEAR	**39,647**	**0**	**39,647**	**-26,909**	**-12,738**									**36,193**	**35,592**	**601**
GROUP SHAREHOLDERS' EQUITY	**1,005,431**	**0**	**1,005,431**	**0**	**-10,581**	**-6,949**	**92**	**-1,022**	**0**	**0**	**0**	**0**	**151**	**24,023**	**1,011,145**	
MINORITY SHAREHOLDERS' EQUITY	**29,275**	**0**	**29,275**	**0**	**-2,157**	**46**	**0**	**-20**	**0**	**0**	**0**	**0**	**-141**	**-729**		**26,274**

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
						Changes in reserves	Shareholders' equity transactions							Other comprehensive income for 2021		
				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 Investment			
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**

GRUPPO CASSA DI RISPARMIO DI ASTI

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT

CASH FLOW STATEMENT	AMOUNT	
Indirect Method	31/12/2022	31/12/2021
A. OPERATING ACTIVITIES		
1. Cash flows from operations	**-195,167**	**22,809**
- profit (loss) for the year (+/-)	36,193	39,647
- capital gains/losses on financial assets held for trading and on other financial assets/liabilities measured at fair value through profit or loss (-/+)	-5,700	-14,121
- capital gains/losses on hedging activities (-/+)	-386,937	-116,524
- net adjustments/recoveries for credit risk (+/-)	50,987	127,639
- net adjustments to/recoveries on property, plant and equipment and intangible assets (+/-)	21,682	20,845
- net provisions for risks and charges and other expenses/income (+/-)	-38,335	-17,797
- unpaid duties, taxes and tax credits (+/-)	14,358	11,662
- net adjustments/recoveries on discontinued operations after tax (+/-)	0	0
- other adjustments (+/-)	112,585	-28,542
2. Liquidity generated/absorbed by financial assets	**1,802,140**	**-1,260,657**
- financial assets held for trading	42,238	-45,924
- financial assets designated at fair value	0	0
- other assets mandatorily measured at fair value	-39,823	-5,366
- financial assets measured at fair value through other comprehensive income	354,385	-966,078
- financial assets measured at amortised cost	1,373,288	-263,879
- other assets	72,052	20,590
3. Liquidity generated/absorbed by financial liabilities	**-29,243**	**1,255,676**
- financial liabilities measured at amortised cost	143,779	1,149,886
- financial liabilities held for trading	-8,010	58,737
- financial liabilities designated at fair value	-944	-887
- other liabilities	-164,069	47,940
Net liquidity generated/absorbed by operating activities	**1,577,730**	**17,828**
B. INVESTMENT ACTIVITIES		
1. Cash flows from	**322**	**5,050**
- sales of equity investments	0	3,822
- dividends collected on equity investments	0	0
- sales of property, plant and equipment	372	663
- sales of intangible assets	-50	37
- sales of divisions	0	528
2 Cash flow used in	**-29,740**	**-19,785**
- purchases of equity investments	-300	-2,209
- purchases of property, plant and equipment	-23,853	-11,161
- purchases of intangible assets	-5,587	-6,415
- purchases of divisions	0	0
Net liquidity generated/absorbed by investment activities	**-29,418**	**-14,735**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	-930	-826
- issue/purchase of equity instruments	0	0
- dividend distribution and other	-12,737	-1,173
Net liquidity generated/absorbed by funding activities	**-13,667**	**-1,999**
NET LIQUIDITY GENERATED/ABSORBED IN THE YEAR	**1,534,645**	**1,094**

RECONCILIATION	AMOUNT	
Item	31/12/2022	31/12/2021
Cash and cash equivalents at the beginning of the year	80,296	79,202
Total net liquidity generated/absorbed in the year	1,534,645	1,094
Cash and cash equivalents: effect of exchange rate changes	0	0
Cash and cash equivalents at the end of the year	1,614,941	80,296

GRUPPO CASSA DI
RISPARMIO DI ASTI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2022 comply with all the international accounting standards IAS/IFRS applicable, as endorsed by the European Commission and in force as at 31 December 2022, 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 eighth update of November 2022, as amended. It should be noted that the provisions issued by the Bank of Italy on 17 November 2022 will apply from the financial statements relating to the year ended or in progress as at 31 December 2023.

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 accounting 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 ESMA Communication of 28 October 2022, "*European common enforcement priorities for 2022 annual financial reports".*

No exceptions were made to the application of IAS/IFRS.

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 consolidated accounting 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 2022 onwards.

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 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 Accounting Statements, their adoption will have no significant effects on the Group's Consolidated Accounting Statements and 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. This amendment is not applicable for the Group as it is applicable only to entities that adopt IFRS for the first time.
- 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.

The adoption of these amendments did not have any effects on the Consolidated Financial Statements.

IFRS accounting standards, amendments and interpretations not yet endorsed, or already endorsed but not mandatorily applicable or not adopted early by the Group.

At the reference date of this document, the standards/amendments described below, for which the Group has not opted for early adoption, were endorsed:

- On 18 May 2017, the IASB published IFRS 17 - *Insurance Contracts*, which is intended to replace IFRS 4 - *Insurance Contracts*. The objective of the new standard is to ensure that an entity provides relevant information that accurately represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to take into account all types of insurance contracts, including reinsurance contracts that an insurer holds. The new standard also provides for presentation and disclosure requirements to improve comparability between entities belonging to this sector. The standard applies from 1 January 2023 but early application is permitted, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.
- On 9 December 2021, the IASB published an amendment called '*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information*'. The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment aims to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, and therefore to improve the usefulness of comparative information for readers of the financial statements. The amendments will apply from 1 January 2023, together with the application of IFRS 17.
- 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 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.

At the reference date of this document, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.

- On 23 January 2020, the IASB published an amendment called '*Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*' and on 31 October 2022 published an amendment called '*Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants*'. The documents aim to clarify how to classify payables and other current or non-current liabilities. The amendments come into effect from 1 January 2024; early application is however permitted.
- On 22 September 2022, the IASB published an amendment called 'Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback'. *The document requires the seller-lessee to assess* the liability for the lease deriving from a sale & leaseback transaction so as not to recognise an income or a loss that refers to the right of use withheld. The amendments will apply from 1 January 2024, but early application is permitted.
- On 30 January 2014, the IASB published IFRS 14 - *Regulatory Deferral Accounts*, which allows only those adopting IFRS for the first time to continue to recognise the amounts relating to activities subject to regulated tariffs ('*Rate Regulation Activities*'). according to the previous accounting standards adopted. As the Company/Group is not a first-time adopter, this standard is not applicable.

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 Notes to the consolidated financial statements, all drawn up in thousands of Euro.

The Russian-Ukrainian Conflict

The return of war to the heart of Europe marked the beginning of 2022. The economic scenario for 2022 was heavily influenced by geopolitical risks raised by this unexpected conflict, with repercussions on the energy market, on inflationary dynamics and therefore on growth.

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 have requested 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 2022 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.

Consob subsequently issued 2 other documents - the 'Warning notice no. 2/22 of 19/05/2022 Conflict in Ukraine - Implications on the obligations of online portal operators' and the 'Warning notice no. 3/22 of 19/05/2022 Conflict in Ukraine - Warning notice of supervised issuers on financial reporting and compliance with the restrictive measures adopted by the European Union with respect to Russia.'

In the aforementioned notices, Consob, in relation to the impact of the Ukrainian conflict on financial reporting, draws the attention of the management and control bodies and the independent auditors involved in the process of producing the financial information published by the supervised entities, on the recommendations provided by ESMA. The document specifies that directors are required to re-evaluate the information regarding the business plans and the forecasts or estimates of the results previously disclosed to the market and, if necessary, update them or indicate that they are no longer current. Lastly, Consob renewed its invitation to comply with the restrictive measures introduced by the European Union and, in particular, Consob invites the control bodies of listed companies to pay attention to ensuring that all functional monitoring to comply with the aforementioned measures are put in place.

On 28 October 2022, ESMA published the document *European common enforcement priorities for 2022 annual financial reports* in which it required issuers to adequately consider the impacts related to current events and topics in the preparation of the IAS/IFRS annual financial reports for 2022.
The priorities identified by ESMA relate to climate-environmental risks, the Russian-Ukrainian conflict and the macroeconomic context. In order for financial reports to achieve high quality standards, ESMA emphasises that the administrative and supervisory bodies of institutions must be made responsible for the role of supervisors to ensure, in relation to the priorities identified, the internal consistency of annual financial reporting and implementation and supervision of internal controls. The Bank reports in the Report on Operations the disclosures required by the ESMA document of 28 October 2022.

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 the Group. With regard to the direct impacts of the conflict, the outstanding loans to countries affected by the conflict at the reporting date of the financial statements are of a very limited amount.
At the end of 2022, in light of the changes recorded in the reference macroeconomic context due to the persistence of the Russian-Ukrainian war and the sudden increase in inflation and interest rates, the Group updated its three-year objectives in capital and economic terms, fully confirming the strategic guidelines drawn up at the end of the previous year. In section 5 - Other matters - there is more information on the approval of the Three-Year Plan and its subsequent update.

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.	47.25	47.25
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
10. Aida 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 2022, the Group's scope of consolidation changed as a result of the acquisition by the subsidiary Pitagora of a further stake in the financial company We Finance S.p.A. corresponding to 10% of the share capital, bringing the total stake to 75%. The investee company We Finance is consolidated in the consolidated financial statements using the line-by-line method. The stake held indirectly by the Parent Company is 47,25%.

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 Accounting Statements as at 31 December 2022, account was taken of the 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 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 consolidation is determined in compliance with the provisions contained in IFRS 10 Consolidated Financial Statements. The Parent Company consolidates an entity when the three elements of control (1. power over the acquired company; 2. exposure, or rights, to variable returns deriving from involvement with the same; 3. ability to use the power to influence the amount of these returns) are satisfied.

The scope of line-by-line consolidation of the Group includes the special purpose vehicles for securitisation transactions attributable to entities over which the Group substantially holds control, even though it does not have voting rights or equity investments in the share capital. The inclusion in the scope of consolidation derives from the fact that these are securitisation transactions that did not allow the derecognition of the transferred receivables and therefore transactions in which the substantiality of the risks and benefits associated with these receivables remains with the Group.

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	2,158
2. We Finance	52.75	52.75	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
10. Aida 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 31/12/2022

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.	640,760	1,161	604,859	14,535	501,029	75,542
2. We Finance	9,838	539	6,417	476	3,922	2,227

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.	8,862	63,335	(54,767)	7,026	4,021
2. We Finance	(62)	1,862	(3,249)	(1,387)	(1,104)

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	4,021	3	4,024
2. We Finance	0	(1,104)	0	(1,104)

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 2022 prepared by the subsidiaries were used for the preparation of the consolidated financial statements as at 31 December 2022, 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 (31.12.2022) and before the preparation hereof, there were no significant events that could change the valuations and disclosure set out in this document.

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.

Section 5. Other matters

Risks, uncertainties and impacts of the COVID-19 pandemic

In 2022, although new variants of the virus spread, the effectiveness of vaccines and the maintenance of basic restrictive measures (masks, disinfection, smart working) avoided new congestion of hospital facilities, guaranteed freedom of movement and return of the population to social life. Commercial activities resumed at a pace almost equal to the pre-COVID period.

From 2020, the COVID-19 pandemic caused a general downturn in the stock markets and, at the same time, increased volatility. The drastic decline in production and demand in numerous sectors, and the resulting drop in revenues and cash inflows 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.

As at 31 December 2022, the remaining outstanding loans of the Bank subject to the COVID-19 moratorium, not compliant with the EBA GLs, amounted to approximately € 3.4 million, 91% classified as performing (stage 2).

The EBA's interventions, which were followed by further clarifications by the ABI, required the Bank 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 and 2022, 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 and continued with the macroeconomic environment following the Russia-Ukraine conflict 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 Bank has a consolidated history of profitable business and privileged access to financial resources, as a commercial Bank the Directors reasonably expect, even in the current context, to continue to operate in the foreseeable future. Therefore, they have prepared the Accounting Statements as at 31 December 2022 based on the going concern assumption.

Fully aware that the effects 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 Bank's capacity to continue operating as a going concern.

In December 2022, the Group approved the 2023 Budget and the update to the 2022-2024 Strategic Plan, focussing on the planning of activities and assessment of the sustainability of the business model in light of changed macroeconomic and financial reference scenarios.

With regard to business development, the guidelines and action levers of the Group's Strategic Plan 2022-2024 are fully confirmed in the Plan Update exercise at the end of 2022. The strategic guidelines are clear and focused:

- robustness of the structural framework, with reference to capital strength, liquidity levels and asset quality,
- business development, in the field of personal finance (consumer credit and Pitagora), medium and small business, wealth management, insurance/protection,
- competitiveness and efficiency, through the reshaping of operating processes (in a modern/digital key) while preserving the 'relationship nature' of the banking relationship. Added to this is the funding strategy, related to the current market situation.

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.

The Group, aware of the importance of the value of sustainability, has embarked on a path outlined through 'green' activities and initiatives launched in 2016 and intensified in 2022, following the establishment of the permanent inter-functional Working Group that it coordinated through the various sites and the various activities.

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, assumptions 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.

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 Group and rights of use.

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 Group and rights of use.

In the third quarter of 2022, the main economic indicators show risks of a slowdown in most advanced economies. The economy of the European Union is strongly affected by the crisis triggered by the Russian invasion of Ukraine and growth is slowing down compared to the recovery forecasts that were expected in the post-pandemic. The rise in energy prices in particular continues to push the growth of inflation to levels never experienced in the last twenty years, holding back domestic demand.

As regards the real estate market, the latest available EUROSTAT figures on nominal house prices refer to the second quarter of 2022 and, for the EU, in terms of year-on-year trend changes (second quarter 2022 compared to the second quarter 2021), still show an increase of 9.3% in the Eurozone. These statistics encompass those of ISTAT prepared for Italy, as part of a standard recording method established by EUROSTAT. In Italy, according to ISTAT, house prices in the second quarter of 2022 show a trend rate of growth, +5.2% compared to the second quarter of 2021.

In the third quarter of 2022, the trend rate of sales in the residential sector shows a further slowdown in the expansionary phase that began in the third quarter of 2020, recording a growth of 1.7% compared to the same quarter of 2021.

For the non-residential sector, the third quarter of 2022 still confirms the slowdown in the expansionary trend that was recorded after the emergency phase linked to the COVID-19 pandemic. The tertiary-commercial sector, considered in aggregate terms, although it still shows a trend increase in volumes sold, grew with the lowest rate of the last two years, +1.3%.
In general terms, it is therefore noted that the real estate market continues in the phase of slowing growth in volumes but keeps the price level constant, with a slight increase compared to the first and second quarters of 2022.
As far as the Group is concerned, cost management activities, as provided for in the strategic plan, continued in 2022 for the negotiation of rents. As a consequence of the COVID-19 pandemic and the economic crisis generated by the Russian-Ukrainian conflict, no branches or agencies were closed or the space in use or available to them for operations was reduced. The branch or agency closures in 2022

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.
The financial market crisis linked to the macroeconomic context 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 the fair value linked to the current 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 2022, the Bank's government securities portfolio consisted entirely of EU member state government bonds (87% Italian government bonds and the remaining 13% bonds from Spain, Romania and Greece) of which 72% classified in the accounts at amortised cost (HTC) and 28% in the FVOCI portfolio.

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 infoprovider Prometeia: the PD value associated with the Italian State (linked to the trend in 5-year Italy CDS) closed the 2022 financial year at values substantially in line with the ones at the end of the previous year. During the year, it recorded a modest increase in the June - October period and then returned in the last 2 months to values close to those of December 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 quantification of the hedging of performing loans (Stage 1 and Stage 2) as at 31 December 2022 was carried out according to a methodology widely used in the banking system and which is in line with the provisions of international accounting standards.

The quantitative risk parameters developed according to this methodology reflect two fundamental elements that directly affect the risk assessment of the loan portfolio:

- the year-on-year evolution of the quality of the loan portfolio, observed and calculated in terms of the number of migrations from a performing to a default status (portfolio component);
- the expectations of the outlook for the economic cycle, regarding the main synthetic variables that estimate the future performance of the national and international economy (macroeconomic component).

With regard to the latter component, its quantification takes place through the use of a set of statistical models that relate the developments of the main macroeconomic variables and the observed dynamics of the default rates. During 2022, this model was refined and evolved from a geo-sectoral perspective, in order to incorporate the geographical characteristics and belonging to the different sectors of economic activity of the counterparties in the valuation of receivables.

By applying the set of statistical models mentioned above, the forward-looking risk parameters were updated as usual with geo-sectoral and multi-scenario input data from infoprovider sources. In view of this update, the methodologies for estimating the parameters and the weighting of the forecast scenarios remain unchanged (30% DOWN scenario, 30% UP scenario, 40% BASELINE scenario).

It should also be noted that 2022 saw the transition to production and the full adoption on the entire credit portfolio of the PD AIRB version 2.3 models for the three customer segments Corporate, Retail Enterprises and Private entities.

As regards the analytical estimate of recoveries from direct management of non-performing 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, as early as the drafting of the 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 long since 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, it has therefore long since surpassed 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 from the Russian-Ukrainian conflict, 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: the test confirmed that future profitability guarantees the re-absorption of deferred taxation recognised as at 31 December 2022. 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 2022 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 macro-economic context as well as the subsequent update of the Three-Year Plan.

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

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 the "domestic tax consolidation" regime, governed by articles 117-129 of the Consolidated Income Tax Act (TUIR) 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.

As at the date of these consolidated financial statements, there are no new entries in the tax consolidation.

Constitutional Court ruling

With sentence no. 263 of 22 December 2022, published in the Official Gazette on 28 December 2022, the Italian Constitutional Court ruled on the question of legitimacy, raised by order of 2 November 2021 by the Court of Turin, concerning Article 11-octies of Decree Law no. 73 of 25 May 2021, as converted with amendments by Law no. 106 of 23 July 2021, by contrast with Articles 3, 11 and 117, first paragraph, of the Constitution, declaring its partial illegitimacy. On the merits, the Italian Constitutional Court, having defined the regulatory and jurisprudential framework of reference, highlighted that, due to its constant case law, the interpretative-preliminary rulings of the Court of Justice represent, in due respect of European constraints, one of the supranational parameters 'that, through the filter of Articles 11 and 117, first paragraph, of the Constitution, allow this Court to exercise the constitutionality test', moreover, adding that the said judgments, given their declaratory nature, explain their effects retroactively, starting from the date of entry in force of the interpreted provision, and such retroactive effectiveness can be limited exceptionally only by the Court of Justice of the European Union and only with the same judgment where the preliminary interpretation is given. Therefore, given that the retroactive effectiveness of a preliminary ruling cannot be limited, a posteriori, even by the same Court that pronounced it, a fortiori such a limitation cannot be ordered by individual Member States.

Having clarified the above and acknowledging that in the Lexitor ruling there is no time limitation of the relative effects, the Italian Constitutional Court highlighted that the Italian legislator, with the adoption of Article 11-octies, paragraph 2, of Law no. 106 of 23 July 2021 and, in particular with the reference, contained therein, to the 'transparency and supervisory provisions of the Bank of Italy', intended to temporarily circumscribe the effectiveness of the aforementioned ruling. In fact, the Italian legislator clearly wanted to exclude, for early repayment of loans, the reimbursement of up-front costs, in accordance with the application practice in force in Italy before the Lexitor Ruling, but in any case, in contrast with the latter and with its retroactive effect.

The Italian Constitutional Court therefore highlighted that the original text of Article 125-sexies of the Consolidated Banking Law (TUB) is substantially compliant with Article 16 of Directive 2008/48/EC of the European Parliament and the Council of 23 April 2008 on consumer credit agreements (as interpreted in the Lexitor Ruling), where the reference to secondary sources is removed.

The Italian Constitutional Court concluded that it is sufficient (to remove the conflict with the European legal system) to declare the partial constitutional illegitimacy of this latter article, limited that is, to the words therein, 'and the secondary rules contained in the transparency and supervisory provisions of the Bank of Italy.'

Lastly, it should be noted that the case UniCredit Bank Austria versus *Verein für Konsumenteninformation* (Case C-555/21) is pending before the Court of Justice, which, although relating to the property loan, could constitute an additional element of analysis, especially with reference to the reimbursement of costs due to third parties.

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The Court of Justice ruled on 9 February 2023 (case C-555/21 Unicredit Bank Austria AG versus Verein für Konsumenteninformation) regarding the consumer's right to reduce the total cost of the credit, in the event of early repayment of the loan, envisaged by Article 25, paragraph 1 of Directive 2014/17/EU of 4 February 2014, relating to property loan agreements.

With the aforementioned ruling, the Court of Justice came to affirm that Article 25, paragraph 1 of Directive 2014/17 can be interpreted as meaning that national legislation may provide *“'that the consumer's right to reduce the total cost of the credit, in the event of early repayment of the same, includes only interest and dependent costs from the duration of the credit*', however censuring all those national laws that do not provide adequate forms of protection to the consumer.
In this regard, it was clarified that this right *'may not include costs that, regardless of the duration of the contract, are charged to the consumer in favour of both the creditor and third parties for services that have already been performed in full at the time of early repayment.*'
With reference to Directive 2014/17, in consideration of the provisions contained therein on transparency on the allocation of expenses, the Court of Justice excluded *'the risk of abusive behaviour of the creditor*' and therefore nothing would justify '*the inclusion of costs independent of the duration of the contract in the right to total credit reduction*'.

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, and 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.

9 - Current and deferred tax

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.

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 Bank parent company Cassa di Risparmio di Asti S.p.A. and the companies 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 2022. 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 and 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.

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.

On 7 November 2022, Decision no. 2128/2022 of 27 October 2022 of the European Central Bank amending Decision EU 2019/1311 on the third series of targeted longer-term refinancing operations was published in the Official Journal of the European Union, with the aim of revising upwards the interest rate applicable to the amounts borrowed by entities participating in TLTRO III for the residual duration of the operations and add additional dates for the voluntary early repayment of the loans. On the basis of Decision 2022/2128, from 23 November 2022 the applicable interest rate will be indexed to the average interbank rates applicable from that date onwards and three additional voluntary early repayment dates have been introduced. 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 assessments associated with the TLTRO III operations.

As at 31 December 2022, 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 by the settlement of transactions, in the Financial Statements as at 31 December 2022, these were recognised under item '10. Interest income and similar revenues' for € 11.9 million.

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.

Sale to Iccrea of a stake in Pitagora

On 31 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 agreement also provides, upon the occurrence of certain conditions, for the right of Iccrea to sell to Banca di Asti e Bonino 1934 its equity investment held from time to time and on the other hand, the right of Banca di Asti and of Bonino 1934 to purchase the equity investment held by Iccrea from time to time.

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.

Issue of Additional Tier 1

In 2020, the Bank issued an Additional Tier 1 instrument, targeting institutional investors, for a total of € 100 million. The transaction was part of the Bank's capital structure management.

These are perpetual securities (with maturity linked to the Bank's statutory duration) and an option for early redemption is provided, 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 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 140 Reserves under shareholders' equity, net of tax effect.

The consideration collected from the issue is represented in shareholders' equity item '130. Equity instruments' for a total of € 97,567 thousand, less transaction costs directly attributable to the issue which, net of tax effect, totalled € 2,433 thousand. During the course of 2022 the two coupons were paid to the subscribers for € 6.7 million net of tax charges. Considering payment of the current coupon to be highly probable as at 31 December 2022, in order to decrease the reserves an accrual for the period 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 (the so-called 'Cura Italia') and 34/2020 (the so-called 'Rilancio') have introduced in the Italian legal system tax incentive measures connected with both investment spending (e.g. Ecobonus and Sismabonus) and with current expenses (e.g. rents for non-residential premises).

These tax incentives that apply to households or businesses, commensurate to a percentage of the expense incurred (which in some cases can even reach 110%) 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 Bank 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 our Bank. During 2022, the Bank purchased tax credits from customers for a nominal amount of € 498 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 when held to offset cash flows or HTCS when held both for cash flow offsetting and for sale, and are recognised in accordance with IFRS 9 at their fair value corresponding to the purchase price (fair value level 3) on initial recognition. In the case of the HTC business model, the subsequent measurement is carried out at amortised cost; in the case of the HTCS business model, the subsequent measurement is at fair value. Subsequent measurements that envisage the amortised cost method provide recognition of interest in item 10 'Interest income and similar revenues'. For receivables included in the HTCS business model, the recognition takes place at the amount paid, accounted for according to the amortised cost criterion and subsequently measured at fair value. The effects of the change in fair value are recognised in a specific equity reserve until the loan is derecognised. Receivables are classified under asset item 120 "Other assets".

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 loans;
- non-performing past due and/or overdue exposures (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 posted in the period when said services were rendered, on the basis of existing contractual agreements; commissions considered in calculating 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 31/12/2022			Total 31/12/2021		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	8	9,650	89,310	11	15,001	80,437
a) Financial assets held for trading	8	1,147	20,222	11	6,352	49,808
b) Financial assets designated at fair value	0	0	0	0	0	0
c) Other financial assets mandatorily measured at fair value	0	8,503	69,088	0	8,649	30,629
2. Financial assets measured at fair value through other comprehensive income	953,010	225,000	38,648	1,286,904	225,000	86,261
3. Hedging derivatives	0	176,574	0	0	8,184	0
4. Property, plant and equipment	0	0	0	0	0	0
5. Intangible assets	0	0	0	0	0	0
TOTAL	**953,018**	**411,224**	**127,958**	**1,286,915**	**248,185**	**166,698**
1. Financial liabilities held for trading	0	2,131	0	0	7,924	0
2. Financial liabilities designated at fair value	0	39,767	0	0	42,907	0
3. Hedging derivatives	0	7,785	0	0	43,440	0
TOTAL	**0**	**49,683**	**0**	**0**	**94,271**	**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				
1. OPENING BALANCE	**80,437**	**49,808**	**0**	**30,629**	**86,261**	**0**	**0**	**0**
2. INCREASES	**138,126**	**97,105**	**0**	**41,021**	**3,957**	**0**	**0**	**0**
2.1. Purchases	45,359	8,179	0	37,180	627	0	0	0
2.2. Profits recognised in:	31,507	31,496	0	11	2,238	0	0	0
2.2.1. Income statement	31,507	31,496	0	11	2,147	0	0	0
of which: capital gains	29,382	29,371	0	11	0	0	0	0
2.2.2. Shareholders' equity	0	X	0	X	91	0	0	0
2.3. Transfers from other levels	0	0	0	0	0	0	0	0
2.4. Other increases	61,260	57,430	0	3,830	1,092	0	0	0
3. DECREASES	**129,253**	**126,691**	**0**	**2,562**	**51,570**	**0**	**0**	**0**
3.1. Sales	83,269	83,105	0	164	2,628	0	0	0
3.2. Redemptions	2,001	2,001	0	0	40,477	0	0	0
3.3. Losses recognised in:	40,794	39,626	0	1,168	8,465	0	0	0
3.3.1. Income statement	40,794	39,626	0	1,168	3,175	0	0	0
of which: capital losses	40,794	39,626	0	1,168	0	0	0	0
3.3.2. Shareholders' equity	0	X	0	X	5,290	0	0	0
3.4. Transfers to other levels	0	0	0	0	0	0	0	0
3.5. Other decreases	3,189	1,959	0	1,230	0	0	0	0
4. CLOSING BALANCE	**89,310**	**20,222**	**0**	**69,088**	**38,648**	**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 31/12/2022				Total 31/12/2021			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	10,243,004	2,481,108	0	7,761,896	11,617,445	1,311,537	0	10,305,909
2. Property, plant and equipment held for investment purposes	51,797	0	0	73,452	48,811	0	0	70,840
3. Non-current assets held for sale and discontinued operations	3,987	0	0	3,987	67,449	0	0	67,449
TOTAL	**10,298,788**	**2,481,108**	**0**	**7,839,335**	**11,733,705**	**1,311,537**	**0**	**10,444,198**
1. Financial liabilities measured at amortised cost	13,239,537	0	1,094,974	12,078,194	13,016,269	0	1,250,655	11,736,518
2. Liabilities associated with assets classified as held for sale	0	0	0	0	0	0	0	0
TOTAL	**13,239,537**	**0**	**1,094,974**	**12,078,194**	**13,016,269**	**0**	**1,250,655**	**11,736,518**

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 2022	Total 2021
a) Cash	60,518	62,775
b) Current accounts and demand deposits with Central Banks	1,540,086	0
c) Current accounts and demand deposits with banks	14,337	17,521
Total	**1,614,941**	**80,296**

The item 'Current accounts and demand deposits with Central Banks' consists entirely of the ECB deposit facility.

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 2022			Total 2021		
Items/Amounts	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Financial assets (non-derivatives)						
1. Debt securities	8	0	0	11	0	0
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	8	0	0	11	0	0
2. Equity instruments	0	0	0	0	0	0
3. Units of UCITS	0	0	0	0	0	0
4. Loans	0	0	20,222	0	0	49,808
4.1 Repurchase agreements	0	0	0	0	0	0
4.2 Other	0	0	20,222	0	0	49,808
Total (A)	**8**	**0**	**20,222**	**11**	**0**	**49,808**
B. Derivatives	0	0	0	0	0	0
1. Financial derivatives:	0	1,147	0	0	6,352	0
1.1 Trading	0	1,016	0	0	4,375	0
1.2 Linked to fair value option	0	131	0	0	1,977	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**	**1,147**	**0**	**0**	**6,352**	**0**
Total (A+B)	**8**	**1,147**	**20,222**	**11**	**6,352**	**49,808**

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 € 879 thousand relating to securitisation transactions.

2.2 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY BORROWER/ISSUER/COUNTERPARTY Items/Amounts	Total 2022	Total 2021
A. Financial assets (non-derivatives)		
1. Debt securities	**8**	**11**
a) Central Banks	0	0
b) Public administration	0	1
c) Banks	0	0
d) Other financial companies	8	10
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	**20,222**	**49,808**
a) Central Banks	0	0
b) Public administration	39	102
c) Banks	0	2
d) Other financial companies	86	41
of which: insurance companies	86	40
e) Non-financial companies	121	123
f) Households	19,976	49,540
Total (A)	**20,230**	**49,819**
B. Derivatives		
a) Central Counterparties	0	0
b) Other	1,147	6,352
Total (B)	**1,147**	**6,352**
Total (A+B)	**21,377**	**56,171**

2.5 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY TYPE Items/Amounts	Total 2022			Total 2021		
	L1	L2	L3	L1	L2	L3
1. Debt securities	0	0	404	0	0	318
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	0	0	404	0	0	318
2. Equity instruments	0	0	0	**0**	**0**	**0**
3. Units of UCITS	0	8,503	64,778	**0**	**8,649**	**28,968**
4. Loans	0	0	3,906	**0**	**0**	**1,343**
4.1 Repurchase agreements	0	0	0	0	0	0
4.2 Other	0	0	3,906	0	0	1,343
Total	**0**	**8,503**	**69,088**	**0**	**8,649**	**30,629**

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

The item “Debt securities” consists:

- for € 252 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 € 28 thousand of mezzanine class securities connected with the Pop NPLs 2020 securitisation transaction;
- for € 57 thousand of mezzanine class securities connected with the BCC NPLs 2021 securitisation transaction;
- for € 9 thousand of mezzanine class securities connected with the BCC NPLs 2022 securitisation transaction;
- for € 38 thousand of mezzanine class securities connected with the Luzzati securitisation transaction.

The "Units of UCITS" consist of:

- 3 Italian property funds: Fondo Core Nord Ovest NM for € 7,221 thousand, Fondo Alfieri Ret DS NM for € 24,270 thousand and Fondo Illimity Re Credit Fund for € 29,660 thousand;
- 6 closed-end reserved alternative investment funds: Illimity Credit and Corporate Turnaround Fund for € 4,144 thousand, IDEA CCR I Credit Sub-fund for € 1,278 thousand, Fondo Atlante for € 1,750 thousand, Nextalia Private for € 686 thousand, Keystone for € 4,268 thousand and Fondo Nord Ovest in Liquidation for € 4 thousand.

2.6 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY BORROWER/ISSUER	Total 2022	Total 2021
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	**404**	**318**
a) Central Banks	0	0
b) Public administration	0	0
c) Banks	0	0
d) Other financial companies	404	318
of which: insurance companies	0	0
e) Non-financial companies	0	0
3. Units of UCITS	**73,281**	**37,617**
4. Loans	**3,906**	**1,343**
a) Central Banks	0	0
b) Public administration	0	0
c) Banks	44	13
d) Other financial companies	3,862	1,330
of which: insurance companies	0	0
e) Non-financial companies	0	0
f) Households	0	0
Total	**77,591**	**39,278**

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 2022			Total 2021		
Items/Amounts	L1	L2	L3	L1	L2	L3
1. Debt securities	952,199	0	0	1,286,147	0	0
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	952,199	0	0	1,286,147	0	0
2. Equity instruments	811	225,000	1,096	**757**	**225,000**	**1,096**
3. Loans	0	0	37,552	0	0	85,165
Total	**953,010**	**225,000**	**38,648**	**1,286,904**	**225,000**	**86,261**

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 € 681,911 thousand;
- securities issued by EU member states for a carrying amount of € 270,288 thousand.

The item 'Equity instruments' consists of investments in investee companies.

3.2 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: BREAKDOWN BY BORROWER/ISSUER Items/Amounts	Total 2022	Total 2021
1. Debt securities	**952,199**	**1,286,147**
a) Central Banks	0	0
b) Public administration	952,199	1,286,147
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	**226,907**	**226,853**
a) Banks	225,807	225,754
b) Other issuers:	1,100	1,099
- other financial companies	748	747
of which: insurance companies	0	0
- non-financial companies	352	352
- other	0	0
3. Loans	**37,552**	**85,165**
a) Central Banks	0	0
b) Public administration	392	617
c) Banks	0	2
d) Other financial companies	278	530
of which: insurance companies	268	522
e) Non-financial companies	233	433
f) Households	36,649	83,583
Total	**1,216,658**	**1,598,165**

As at 31 December 2022, 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;
- € 270,288 thousand from securities issued by EU member states.

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	952,545	952,545	0	0	0	-346	0	0	0	0
Loans	33,530	33,530	212	7,741	0	-138	-6	-3,787	0	0
Total 2022	**986,075**	**986,075**	**212**	**7,741**	**0**	**-484**	**-6**	**-3,787**	**0**	**0**
Total 2021	**1,366,493**	**1,364,175**	**133**	**10,957**	**0**	**-669**	**-29**	**-5,573**	**0**	0

** Value to be presented for disclosure purposes*

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 € 346 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 € 37,552 thousand, of which performing loans of € 3,954 thousand. 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 2022						Total 2021					
	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	**78,606**	**0**	**0**	**0**	**0**	**78,606**	**2,939,459**	**0**	**0**	**0**	**0**	**2,939,459**
1. Time deposits	0	0	0	X	X	X	0	0	0	X	X	X
2. Compulsory reserve	78,606	0	0	X	X	X	2,939,459	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	**7,229**	**2**	**0**	**0**	**0**	**7,231**	**46,220**	**0**	**0**	**0**	**0**	**46,220**
1. Loans	7,229	2	0	0	0	7,231	46,220	0	0	0	0	46,220
1.1 Current accounts	259	0	0	X	X	X	112	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:	6,970	2	0	X	X	X	46,108	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	6,970	2	0	X	X	X	46,108	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	**85,835**	**2**	**0**	**0**	**0**	**85,837**	**2,985,679**	**0**	**0**	**0**	**0**	**2,985,679**

Key
FV = Fair value
BV = Book value

With the 7th update of Circular no. 262, the demand deposit with the Bank of Italy is classified from item '2. Compulsory reserve' to item '10. Cash and cash equivalents.'

The item "Other loans - Other" consists primarily of the guarantee deposit guaranteeing derivative contracts for € 4,430 thousand.

4.2 FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN OF LOANS AND ADVANCES TO CUSTOMERS	Total 2022						Total 2021					
	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	**7,247,097**	**213,394**	**12,064**	**0**	**0**	**7,472,555**	**6,714,646**	**246,916**	**13,437**	**0**	**0**	**6,974,999**
1. Current accounts	321,042	13,879	552	X	X	X	327,951	18,386	1,097	X	X	X
2. Reverse repurchase agreements	0	0	0	X	X	X	0	0	0	X	X	X
3. Mortgages	4,800,297	167,221	9,997	X	X	X	4,763,959	205,738	10,779	X	X	X
4. Credit cards and personal loans, including salary and pension assignment	1,217,652	22,522	1,131	X	X	X	849,401	17,496	1,145	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	908,106	9,772	384	X	X	X	773,335	5,296	416	X	X	X
2. Debt securities	**2,684,612**	**0**	**0**	**2,481,108**	**0**	**203,504**	**1,656,767**	**0**	**0**	**1,311,537**	**0**	**345,231**
2.1. Structured securities	0	0	0	0	0	0	0	0	0	0	0	0
2.2. Other debt securities	2,684,612	0	0	2,481,108	0	203,504	1,656,767	0	0	1,311,537	0	345,231
Total	**9,931,709**	**213,394**	**12,064**	**2,481,108**	**0**	**7,676,059**	**8,371,413**	**246,916**	**13,437**	**1,311,537**	**0**	**7,320,230**

Key
L1 = Level 1
L2 = Level 2
L3 = Level 3

Debt securities primarily consist:
- of € 2,319,901 thousand from securities issued by the Italian State;
- of € 160,910 thousand from securities issued by EU member states;
- of € 105,306 thousand from senior class securities connected to the Maggese securitisation transaction with derecognition;
- of € 11,939 thousand from securities representing loans disbursed by Credimi;
- of € 11,379 thousand from senior class securities connected to the Pop NPLs 2019 securitisation transaction with derecognition;
- of € 15,512 thousand from senior class securities connected to the Pop NPLs 2020 securitisation transaction with derecognition;
- of € 25,949 thousand from senior class securities connected to the BCC NPLs 2021 securitisation transaction with derecognition;
- of € 5,039 thousand from senior class securities connected to the BCC NPLs 2022 securitisation transaction with *derecognition* ;
- of € 19,449 thousand from securities representing loans disbursed by Luzzati Pop NPLs 2022;
- of € 9,228 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 € 23,668 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 AMORTISED COST: BREAKDOWN BY BORROWER/ISSUER OF LOANS AND ADVANCES TO CUSTOMERS	Total 2022			Total 2021		
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	**2,684,612**	**0**	**0**	**1,656,767**	**0**	**0**
a) Public administration	2,480,812	0	0	1,461,269	0	0
b) Other financial companies	194,572	0	0	190,847	0	0
of which: insurance companies		0	0	0	0	0
c) Non-financial companies	9,228	0	0	4,651	0	0
2. Loans to:	**7,247,097**	**213,394**	**12,064**	**6,714,646**	**246,916**	**13,437**
a) Public administration	40,232	2,069	2	35,786	934	1
b) Other financial companies	108,225	2,385	0	64,667	115	0
of which: insurance companies	3,705	0	0	5,407	0	0
c) Non-financial companies	2,580,967	101,691	6,722	2,604,548	136,055	7,808
d) Households	4,517,673	107,249	5,340	4,009,645	109,812	5,628
Total	**9,931,709**	**213,394**	**12,064**	**8,371,413**	**246,916**	**13,437**

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	2,580,927	2,580,927	105,462	0	0	-1,622	-155	0	0	0
Loans	6,627,424	781,583	765,992	372,098	16,715	-14,034	-46,450	-158,702	-4,651	-36,754
Total 2022	**9,208,351**	**3,362,510**	**871,454**	**372,098**	**16,715**	**-15,656**	**-46,605**	**-158,702**	**-4,651**	**-36,754**
Total 2021	**10,526,412**	**2,137,664**	**890,544**	**479,669**	**19,521**	**-13,546**	**-46,318**	**-232,753**	**-6,084**	**-50,742**

** 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	187	0	204	0	0	0	-13	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	3,030	326	0	0	-199	-43	0	0
3. Loans subject to other forbearance measures	0	0	0	0	0	0	0	0	0	0
4. New loans	741,124	0	84,400	27,932	1,555	-778	-2,499	-9,313	-406	-1
Total 2022	**741,311**	**0**	**87,634**	**28,258**	**1,555**	**-778**	**-2,711**	**-9,356**	**-406**	**-1**
Total 2021	**993,444**	**0**	**363,432**	**30,725**	**2,183**	**-928**	**-18,076**	**-12,035**	**-381**	**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 2022*			NV	*Fair value 2021*			NV
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives	**0**	**176,574**	**0**	**1,760,000**	**0**	**8,184**	**0**	**810,000**
1) Fair value	0	176,574	0	1,760,000	0	8,184	0	810,000
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**	**176,574**	**0**	**1,760,000**	**0**	**8,184**	**0**	**810,000**

5.2 HEDGING DERIVATIVES: BREAKDOWN BY PORTFOLIOS HEDGED AND BY HEDGING TYPE	*Fair Value*							Cash flows		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	137,141	0	0	0	X	X	X	0	X	X
2. Financial assets measured at amortised cost	39,433	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	**176,574**	**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 2022	Total 2021
A. Opening balance	**84**	**82**
B. Increases	**2**	**2**
B.1 Purchases	0	0
B.2 Write-backs	0	0
B.3 Revaluations	0	0
B.4 Other changes	2	2
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	**86**	**84**
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 2022	Total 2021
1. Owned assets	**113,154**	**111,090**
a) land	14,889	14,817
b) buildings	83,204	81,064
c) furniture and furnishings	6,355	6,904
d) electronic equipment	3,344	3,781
e) other	5,362	4,524
2. Rights of use acquired with leases	**38,715**	**38,890**
a) land	0	0
b) buildings	38,038	38,261
c) furniture and furnishings	16	8
d) electronic equipment	0	0
e) other	661	621
Total	**151,869**	**149,980**
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 2022				Total 2021			
	Book value	*Fair value*			Book value	*Fair value*		
Asset/Amounts		L1	L2	L3		L1	L2	L3
1. Owned assets	**51,797**	**0**	**0**	**73,452**	**48,811**	**0**	**0**	**70,840**
a) land	14,909	0	0	16,053	21,239	0	0	22,776
b) buildings	36,888	0	0	57,399	27,572	0	0	48,064
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	**51,797**	**0**	**0**	**73,452**	**48,811**	**0**	**0**	**70,840**
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	**14,817**	**190,046**	**42,888**	**40,592**	**50,962**	**339,305**
A.1 Total net decreases	0	70,721	35,976	36,811	45,817	189,325
A.2 Net opening balance	**14,817**	**119,325**	**6,912**	**3,781**	**5,145**	**149,980**
B. Increases:	**72**	**13,212**	**654**	**1,288**	**2,910**	**18,136**
B.1 Purchases	72	8,130	642	1,288	2,910	**13,042**
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	5,082	12	0	0	**5,094**
C. Decreases:	**0**	**11,295**	**1,195**	**1,725**	**2,032**	**16,247**
C.1 Sales	0	173	0	0	0	**173**
C.2 Depreciation	0	9,643	1,195	1,725	1,989	**14,552**
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	0	**0**
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	0	**0**
C.7 Other changes	0	1,479	0	0	43	**1,522**
D. Net closing balance	**14,889**	**121,242**	**6,371**	**3,344**	**6,023**	**151,869**
D.1 Total net decreases	0	78,165	37,163	38,062	47,504	200,894
D.2 Gross closing balance	**14,889**	**199,407**	**43,534**	**41,406**	**53,527**	**352,763**
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	**21,239**	**27,572**
B. Increases	**0**	**10,815**
B.1 Purchases	0	9,876
B.2 Capitalised expenditure on improvements	0	731
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	0	208
C. Decreases	**6,330**	**1,499**
C.1 Sales	0	0
C.2 Depreciation	0	1,287
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:	6,330	0
a) properties used in the business	0	0
b) non-current assets held for sale and discontinued operations	6,330	0
C.7 Other changes	0	212
D. Closing balance	**14,909**	**36,888**
E. Measured at fair value	16,053	57,399

The cost valuation criterion is used for all asset classes.

SECTION 10 – INTANGIBLE ASSETS - ITEM 100

10.1 INTANGIBLE ASSETS: BREAKDOWN BY TYPE	Total 2022		Total 2021	
Asset/Amounts	Finite life	Indefinite life	Finite life	Indefinite life
A.1 Goodwill	**X**	**66,269**	**X**	**66,269**
A.1.1 attributable to the Group	X	66,269	X	66,269
A.1.2 attributable to minorities	X	0	X	0
A.2 Other intangible assets	**20,876**	**0**	**22,913**	**0**
Of which: *software*	8,358	0	7,816	0
A.2.1 Assets carried at cost	20,876	0	22,913	0
a) Intangible assets generated internally	0	0	0	0
b) Other assets	20,876	0	22,913	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	**20,876**	**66,269**	**22,913**	**66,269**

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

The escalation of tensions between Russia and Ukraine, which culminated with the start of an actual conflict in February 2022, had inevitable negative repercussions on economic activities at global level and on financial markets around the world. The conflict and the sanctions imposed by the international community have led to a significant rise in the prices of raw materials (energy, metals, agricultural goods), fuelling the inflationary push already underway following the pandemic crisis. In addition, the global central banks have initiated manoeuvres, in a restrictive sense, of monetary policies with inevitable repercussions on the real economy.

In this context, the need arose to understand the possible effects of the conflict both on the estimates of the recoverable value of intangible assets (influenced by parameters, information and market expectations) and on the financial statements prepared in accordance with IAS 34, already starting from the half-yearly reports as at 30 June 2022.

In particular, when preparing the 2022 financial statements, issuers must consider the provisions of the documents of the ESMA ('European Securities and Markets Authority') of 13 May 2022 and subsequently of 28 October 2022 and the document of the OIV (Italian Valuation Body) of 29 June 2022.

With specific reference to the impairment test pursuant to IAS 36, ESMA also makes a general call to review the considerations made in the financial statements of the previous year, with particular reference to the assumptions underlying future forecasts and other elements of estimation uncertainty, underlining the importance of providing information on the identification of the main risks and uncertainties to which issuers are exposed. With specific reference to the cash flow projections used to determine the recoverable value, ESMA refers to the need to take into account the changed macroeconomic scenario deriving from the Russian-Ukrainian conflict.

The OIV, referring to the public statement published by ESMA, also provides operational indications for identifying and assessing the existence of any conditions for carrying out the impairment test in the half-yearly financial report, also defining the elements to be considered if the test were to be carried out to deal with the uncertainty of the current context.

Banca di Asti therefore performed the impairment test on intangibles and goodwill when preparing the consolidated financial statements as at 31 December 2022, taking into account the most up-to-date estimates of the expected impacts arising firstly from the COVID-19 pandemic and secondly from the conflict.

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 2021;
- Draft financial statements as at 31 December 2022, approved by the Board of Directors;
- Economic and financial projections for the period 2023-2027 of Banca di Asti approved by the Board of Directors of Banca di Asti on 26 January 2023;
- Group Policy on impairment testing of goodwill and equity investments, approved by the Board of Directors of Banca di Asti on 28 January 2021;
- 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 2021;
- Draft financial statements as at 31 December 2022, approved by the Pitagora Board of Directors;
- Economic and financial projections for the period 2023-2027 approved by the Board of Directors of Banca di Asti on 26 January 2023;
- Information publicly available in relation to the reference market (volatility ratios, market rates, etc.).

With reference to We Finance:

- Financial statements as at 31 December 2021;
- Draft financial statements as at 31 December 2022, approved by the Pitagora Board of Directors;
- Details regarding the direct transaction involving 10% of the share capital of We Finance, which took place in 2022;
- Information publicly available in relation to the reference market (volatility ratios, market rates, etc.).

The impairment test was developed taking into account a scenario significantly influenced by the outbreak of the Russian-Ukrainian conflict and the related impacts on production activities and on energy supply chains, which led to a considerable increase in the prices of raw materials.
At the same time, although the effectiveness of vaccines and the maintenance of basic restrictive measures (masks, disinfection, smart working) have avoided new congestion due to new variants of the virus, guaranteeing freedom of movement and return of the population to social life, the uncertainty and volatility observed on the financial markets are still high.

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.

The Group 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 2022, the carrying amount of the CGU was equal to € 924.4 million and was determined on the basis of the sum of:

- Tangible shareholders' equity (excluding software) as at 31 December 2022 equal to € 1,011.1 million, net of the contribution of the subsidiary Pitagora and We Finance equal to € 86.7 million.

2. Determination of the recoverable amount of the CGU and comparison with the carrying amount

<u>Fair Value</u>

Pursuant to IFRS 13, the 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 Banca di Asti CGU at the reporting date of 31 December 2022, 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 2022 and the economic and financial projections approved by the Board of Directors of Banca di Asti on 26 January 2023.
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.

The economic and financial projections for the period 2023-2027 include:

- Growth over the plan period in both loans and advances to customers (CAGR '22-'27 equal to +5.2%), direct funding (CAGR '22-'27 equal to 3.2%) and expected equal to € 9.1 billion and € 10.6 billion respectively, at the end of 2027.
- An increase in indirect funding to a CAGR '22-'27 of +6.5%, reaching approximately € 9.4 billion in 2027. The contribution from managed funding to the total indirect funding is estimated to reach 70.2% in 2027.
- An increase in net banking income at a CAGR '22-'27 of +8.3% and expected to be € 503 million in 2027. The positive trend expected is attributable to: the dynamics of the net interest margin (CAGR '22-'27 equal to +6.5%), depending on both the expected increase in the bank's operations and the reference rate scenario, and net commissions expected to increase at an average annual rate of +7.2% in line with the expected growth in indirect deposits.
- The cost of risk is estimated to increase over the plan period from 65 bps in 2022 to 77 bps in 2027, corresponding to loan adjustments of € 70 million in 2027 (CAGR '22-'27 equal to +8.9%).
- Operating costs up over the plan period, from € 238 million in 2022 to € 257 million in 2027 (CAGR '22-'27 equal to +1.6%). The cost/income ratio is therefore expected to decrease over the forecast period from 57.5% in 2022 to 51.2% in 2027.
- Net profit is expected to rise from € 40 million in 2022 to € 120 million in 2027 (CAGR '22-'27 equal to 24.7%). The ROE is therefore expected to rise from 3.4% in 2022 to 10.5% in 2027.
- The fully-loaded Tier 1 ratio is expected to increase in the forecast period from 16.3% in 2022 to 17.4% in 2027, as a result of the expected results and the expected increase in RWAs and the payout ratio.

A capital requirement of a Tier 1 ratio of 11.25% (11.25% as at 30 June 2022) and a Total Capital Ratio of 13.80%, (13.80% as at 30 June 2022) in line with the supervisory regulations and the outcome of the last SREP for the Group was considered in the development of distributable flows.

Cost of equity

The cost of equity, equal to 9.89%, was estimated on the basis of the *Capital Asset Pricing Model* (CAPM), considering:

- Risk-free investment rate of return estimated at 3.06%, equal to the average annual yield 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 1.139) 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 by assuming:

- a potentially distributable dividend at the end of the plan horizon taking into account the capital requirements considered
- long-term growth rate, assumed to be 2.0%, in consideration of long-term inflation expectations.

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 (+/- 10.0%).

The DDM method, developed on the basis of the elements described, leads to the estimate of a recoverable amount on average equal to € 1,131 million against the carrying amount of the Banca di Asti CGU in the consolidated financial statements equal to € 924 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%	-1.25%
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 2022, the carrying amount of those intangibles after annual amortisation is as follows:

- *Core deposits* linked to savings deposits for € 10.9 million;
- *Assets under Management and Assets under Custody* of € 1.3 million.

Specifically, Core deposits and intangibles linked to Assets under Management and under Custody have a residual life of between 8 years for Core deposits and 2 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 2022, the following was observed:

- Compared to the book value at the time of the PPA, as a result of the amortisation recorded in the period, the book values of the *Core deposits and* the AuM and AuC decreased by 55.6% and 83.3%, respectively.
- Volumes of direct funding relating to current accounts and savings deposits equal to € 7,770 million, compared to € 1,154 million at the time of the PPA.
- Volumes of indirect funding amounted to € 6,772 million as at 31 December 2022, compared to € 2,475 million at the time of the PPA.
- In terms of profitability, the average mark down of Core deposits in 2022 returned to be positive and equal to 0.12%, depending on the increase in rates observed in the second half of the year. The mark down estimated at the time of the PPA for the year 2022 was positive and equal to 127 bps. It is reasonable to believe that, as a result of the increase in rates observed in the second half of the year and the expected reference interest rate scenario, this value will continue to increase in the short-medium term and that the contribution to this result is added to the fee and commission income, also in light of the evolution of volumes and residual useful life. The fee and commission income relating to Assets under Management and Custody increased compared to the PPA figure and totalled around 48 bps compared to around 31 bps estimated at the time of the PPA.
- The normalised operating cost-income ratio was down compared to that estimated at the time of the PPA, and equal to 57.5%.
- As at 31 December 2022, the discount rate represented by the cost of equity was 9.9%, essentially in line with that adopted at the time of the PPA (9.7%).

As at 31 December 2022, 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.
The Group 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 € 50.795 million
and was determined on the basis of the sum of:

- tangible shareholders' equity of Pitagora as at 30 September 2015 after provisional adjustments, equal to € 41.9 million, which primarily takes into account the revaluation at fair value of the HTM financial assets;
- provisional goodwill of € 8.895 million, calculated as the excess of the price paid over the pro rata shareholders' equity post adjustments.

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 2022, 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 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 2022, the carrying amount of the CGU is equal to € 87.2 million and was determined on the basis of the sum of:

- Shareholders' equity of Pitagora as at 31 December 2022 equal to € 75 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 € 2,5 million.

2. Determination of the recoverable amount of the CGU and comparison with the carrying amount

Fair Value

Pursuant to IFRS 13, the 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 2022, 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 balance sheet as at 31 December 2022 and the economic and financial projections approved by the Board of Directors of Banca di Asti on 26 January 2023.

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 2022 and the 2023-2027 financial and economic projections.

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.

A capital requirement of a Tier 1 ratio of 11.25% (11.25% as at 30 June 2022) and a Total Capital Ratio of 13.80%, (13.80% as at 30 June 2022) in line with the supervisory regulations and the outcome of the last SREP for the Group was considered in the development of distributable flows.

Cost of equity

The cost of equity, equal to 9.89% (8.82% as at 30 June 2022), was estimated on the basis of the *Capital Asset Pricing Model* (CAPM), considering:

- Risk-free investment rate of return estimated at 3.06% (1.54% as at 30 June 2022), equal to the average annual yield 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 1.139 (1.214 as at 30 June 2022) 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% (6.0% as at 30 June 2022), in line with valuation practice in the Italian market.

Terminal value

The terminal value was determined by considering:

- a potentially distributable dividend at the end of the plan horizon and
- a long-term growth rate, assumed to be 1.5% and maintained constant with respect to the impairment test as at 31 December 2020, in consideration of inflation expectations.

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 (+/- 10.0%).

The development of the DDM method on the basis of the approach described leads to the estimate of an average recoverable amount of € 174 million, against the carrying amount of the Pitagora S.p.A. CGU in the consolidated financial statements equal to

€ 87 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 € 87 million and € 119 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)	**9.89%**	**23.3% (+1,337 bps)**
Long-term growth rate (g)	2.00%	Negative/not significant
Net profit in the last projection year	€ 13.2 million	€ 3.1 million (-76.3%)

C) *Impairment test* on goodwill of the We Finance S.p.A. CGU

On 28 September 2021, the subsidiary Pitagora S.p.A. acquired an equity investment for a value of € 2,210 thousand, equal to 65% of the share capital of We Finance S.p.A., a company registered in the Register of Financial Intermediaries pursuant to Article 106 of the Consolidated Banking Act (TUB), operating in the consumer credit sector and in particular in the segment of salary and pension assignment loans and similar loans. We Finance S.p.A. therefore became part of the Cassa di Risparmio di Asti Group from 1 October 2021.

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.
The Group 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 2021, provisional goodwill of € 127 thousand was recognised in relation to the We Finance S.p.A. CGU.
The carrying amount of the We Finance S.p.A. CGU was equal to € 50.795 million and was determined on the basis of the sum of:

- tangible equity of We Finance as at 1 October 2021 after provisional adjustments, amounting to € 3.2 million;
- provisional goodwill of € 127 thousand, calculated as the excess of the price paid over the pro rata shareholders' equity post adjustments.

In determining the fair value of the CGU, the consideration used as a reference is equal to € 2.2 million.
During the course of 2022, 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 We Finance S.p.A., the goodwill set forth in the consolidated financial statements of the Cassa di Risparmio di Asti Group as at 31 December 2022, amounting to € 127 thousand, recognised following the acquisition of 65% of the share capital in September 2021 by the subsidiary Pitagora S.p.A. and the completion of the purchase price allocation process pursuant to IFRS 3 - *Business Combinations*, was tested for impairment. In continuity and in line with the internal reporting system, this goodwill is allocated to the CGU corresponding to the equity investment in We Finance 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.

2. Determination of the carrying amount of the CGU

As at 31 December 2022, the carrying amount of the CGU was equal to € 2.4 million and was determined on the basis of the sum of:

- Shareholders' equity of We Finance as at 31 December 2022 equal to € 2.2 million;
- Goodwill equal to € 0.1 million. For the purposes of the impairment test, this goodwill was then grossed up, thus reaching a value of € 0.2 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).

3. Determination of the recoverable amount of the CGU and comparison with the carrying amount

<u>Fair Value</u>

Pursuant to IFRS 13, the 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.

For the purposes of estimating the recoverable value, the following elements were taken into consideration:

- The acquisition of a 65% stake in the share capital of We Finance by the CR Asti Group through Pitagora, represents a recent transaction, having been completed on 28 September 2021;
- During 2022, a further acquisition of 10% of the share capital of We Finance was carried out by Pitagora;
- As part of the enhancement of the investment, the integration and development activities of We Finance within the CR Asti Group are continuing.

In light of these elements, reference was made to the fair value configuration, estimated on the basis of the value implicit in the recent transaction that took place in 2022 and concerning 10% of the share capital of We Finance, for a consideration of € 300 thousand.

In light of the elements of the direct transaction, the fair value was estimated as follows:

Elements of the transaction	
No. of shares purchased by Pitagora (A)	240,000
Price per share (B)	€ 1.25
Fair value (C = A*B) for 10.0%	€ 300,000
Fair value at 100%	€ 3,000,000

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Shareholders' equity of We Finance as at 31 December 2022	€ 2,226,763
Goodwill 100%	€ 168,920
Book value CGU We Finance 100%	€ 2,395,683
Fair value implicit in the transaction for 100%	€ 3,000,000
Delta recoverable amount to carrying amount	*€ 604,317*

In light of the results obtained, the impairment test on the goodwill allocated to the We Finance CGU in the consolidated financial statements of CR Asti was positively passed. With reference to the We Finance investment recorded in the Pitagora financial statements, the impairment test led to a write-down of € 0.26 million.

10.2 INTANGIBLE ASSETS: ANNUAL CHANGES	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total 2022
		DEF	INDEF	DEF	INDEF	
A. Opening balance	**66,269**	**0**	**0**	**71,285**	**0**	**137,554**
A.1 Total net decreases	0	0	0	48,372	0	48,372
A.2 Net opening balance	**66,269**	**0**	**0**	**22,913**	**0**	**89,182**
B. Increases	**0**	**0**	**0**	**5,654**	**0**	**5,654**
B.1 Purchases	0	0	0	5,604	0	5,604
B.2 Increases of internally generated intangible assets	X	0	0	50	0	50
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	0
C. Decreases	**0**	**0**	**0**	**7,691**	0	**7,691**
C.1 Sales	0	0	0	0	0	0
C.2 Value adjustments	0	0	0	7,691	0	7,691
- Amortisation	X	0	0	7,691	0	7,691
- 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	0	0	0
D. Net closing balance	**66,269**	**0**	**0**	**20,876**	0	**87,145**
D.1 Total net value adjustments	0	0	0	56,061	0	56,061
E. Gross closing balance	**66,269**	**0**	**0**	**76,937**	0	**143,206**
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 2022	Total 2021
- With offsetting entry in profit or loss	245,256	259,672
- With offsetting entry in shareholders' equity	30,647	24,976
Total	**275,903**	**284,648**

(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 2022	Total 2021
- With offsetting entry in profit or loss	42,178	32,888
- With offsetting entry in shareholders' equity	18,229	21,834
Total	**60,407**	**54,722**

(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 or loss)

11.3 DEFERRED TAX ASSETS: ANNUAL CHANGES (WITH OFFSETTING ENTRY TO PROFIT OR LOSS)	Total 2022	Total 2021
1. Opening balance	**259,673**	**292,656**
2. Increases	**40,826**	**14,972**
2.1 Deferred tax assets recognised during the year	34,261	15,632
a) relating to previous years	2,078	0
b) due to change in accounting principles	0	0
c) write-backs	0	0
d) other	32,183	15,632
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	6,565	0
3. Decreases	**55,243**	**48,616**
3.1 Deferred tax assets derecognised during the year	41,608	28,524
a) reversals	41,608	28,524
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:	13,635	20,092
a) changes into tax credits pursuant to Law No. 214/2011	13,618	13,412
b) other	17	6,680
4. Closing balance	**245,256**	**259,673**

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 2022	Total 2021
1. Opening balance	**113,127**	**130,137**
2. Increases	**8,644**	**13,618**
3. Decreases	**26,739**	**30,628**
3.1 Reversals	13,121	17,216
3.2 Changes into tax credits	13,618	13,412
a) arising from loss for the year	0	0
b) arising from tax losses	13,618	13,412
3.3 Other decreases	0	0
4. Closing balance	**95,032**	**113,127**

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 OR LOSS)	Total 2022	Total 2021
1. Opening balance	**32,888**	**29,332**
2. Increases	**9,726**	**3,673**
2.1 Deferred tax liabilities for the year	9,726	3,673
a) relating to previous years	0	0
b) due to change in accounting principles	0	0
c) other	9,726	3,673
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	0	0
3. Decreases	**435**	**117**
3.1 Deferred tax liabilities derecognised during the year	435	117
a) reversals	435	117
b) due to change in accounting principles	0	0
c) other	0	0
3.2 Decreases in tax rates	0	0
3.3 Other decreases	0	0
4. Closing balance	**42,179**	**32,888**

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 2022	Total 2021
1. Opening balance	**24,976**	**9,419**
2. Increases	28,597	**18,514**
2.1 Deferred tax assets recognised during the year	28,597	17,942
a) relating to previous years	0	0
b) due to change in accounting principles	0	0
c) other	28,597	17,942
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	0	572
3. Decreases	**22,926**	**2,957**
3.1 Deferred tax assets derecognised during the year	22,926	2,957
a) reversals	1	88
b) write-downs of non-recoverable items	0	0
c) changes in accounting principles	0	0
d) other	22,925	2,869
3.2 Decreases in tax rates	0	0
3.3 Other decreases	0	0
4. Closing balance	**30,647**	**24,976**

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 2022	Total 2021
1. Opening balance	**21,834**	**28,038**
2. Increases	252	**620**
2.1 Deferred tax liabilities for the year	252	48
a) relating to previous years	0	0
b) due to change in accounting principles	0	0
c) other	252	48
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	0	572
3. Decreases	**3,857**	**6,824**
3.1 Deferred tax liabilities derecognised during the year	3,857	6,595
a) reversals	119	4,088
b) due to change in accounting principles	0	0
c) other	3,738	2,507
3.2 Decreases in tax rates	0	0
3.3 Other decreases	0	229
4. Closing balance	**18,229**	**21,834**

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 HELD FOR SALE AND DISCONTINUED OPERATIONS AND ASSOCIATED LIABILITIES - ITEM 120 (ASSETS) AND 70 (LIABILITIES)

12.1 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS: BREAKDOWN BY TYPE OF ASSETS	Total 2022	Total 2021
A. Assets Held for Sale		
A.1. Financial assets	0	0
A.2 Equity investments	0	0
A.3 Property, plant and equipment	3,987	1,612
of which: obtained by enforcing guarantees received	0	0
A.4 Intangible assets	0	0
A.5 Other non-current assets	0	65,837
Total (A)	**3,987**	**67,449**
of which valued at cost	*3,987*	*67,449*
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	*3,987*	*67,449*
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 2022	Total 2021
- loans to SPV	279,956	297,584
- tax receivables	233,107	13,440
- amounts to be charged to banks	37,107	3,415
- charges relating to payment systems in the course of execution	56,094	50,611
- indirect taxes and duties	63,542	51,068
- residual prepayments	25,277	20,940
- transit items	23	11
- costs for setting up leased premises	2,242	2,983
- receivables for the provision of non-financial services	13,869	44,604
- other amounts to be recovered from customers	42,962	40,071
- residual accrued income	10,014	6,325
- unpaid notes and cheques	1,492	628
- other items	12,420	11,783
Total	**778,105**	**543,463**

The item 'loans to SPV securitisations' includes receivables from the special purpose vehicles against securitisation transactions for which it subscribed all securities issued by the SPVs.

The securitised loans are recognised in the assets in the financial statements. For a more detailed disclosure on securitisation transactions, please refer to the specific section of part E.

The amount of 'tax receivables' relating to 2021 was reclassified for comparative purposes to a separate item.

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 2022				Total 2021			
	Book value	*Fair Value*			BV	*Fair Value*		
		L1	L2	L3		L1	L2	L3
1. Deposits from central banks	**2,769,598**	X	X	X	**2,810,000**	X	X	X
2. Deposits from banks	**192,875**	X	X	X	**48,086**	X	X	X
2.1 Current accounts and demand deposits	35,384	X	X	X	31,884	X	X	X
2.2 Time deposits	0	X	X	X	0	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	2,485	X	X	X	2,515	X	X	X
2.6 Other liabilities	155,006	X	X	X	13,687	X	X	X
Total	**2,962,473**	**0**	**0**	**2,962,473**	**2,858,086**	**0**	**0**	**2,858,086**

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 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 2022				Total 2021			
	Book value	*Fair Value*			BV	*Fair Value*		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	7,431,229	X	X	X	7,319,474	X	X	X
2. Time deposits	313,610	X	X	X	485,878	X	X	X
3. Loans	-	X	X	X	1,849	X	X	X
3.1 Repurchase agreements	-	X	X	X	1,849	X	X	X
3.2 Other	0	X	X	X	0	X	X	X
4. Liabilities for commitments to repurchase own equity instruments	0	X	X	X	0	X	X	X
5. Lease liabilities	37,238	X	X	X	37,133	X	X	X
6. Other liabilities	1,333,644	X	X	X	1,034,098	X	X	X
Total	**9,115,721**	**0**	**0**	**9,115,721**	**8,878,432**	**0**	**0**	**8,878,432**

Key:
L1 = Level 1
L2 = Level 2
L3 = Level 3

The item 'Other liabilities' includes € 915,294 thousand for payables linked to securitisation transactions.

1.3 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN OF DEBT SECURITIES IN ISSUE Type of security/Amounts	Total 2022				Total 2021			
	Book value	Fair Value			BV	Fair Value		
		L1	L2	L3		L1	L2	L3
A. Securities	**1,161,343**	**0**	**1,094,974**	**0**	**1,279,751**	**0**	**1,250,655**	15
1. Bonds	1,161,343	0	1,094,974	0	1,279,736	0	1,250,655	0
1.1 structured	0	0	0	0	0	0	0	0
1.2 other	1,161,343	0	1,094,974	0	1,279,736	0	1,250,655	15
2. Other securities	0	0	0	0	15	0	0	0
2.1 structured	0	0	0	0	0	0	0	0
2.2 other	0	0	0	0	15	0	0	15
Total	**1,161,343**	**0**	**1,094,974**	**0**	**1,279,751**	**0**	**1,250,655**	**15**

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 € 182,459 thousand. See Section F for the relative details.

1.6 Lease liabilities

As at 31 December 2021, the Group has outstanding liabilities of € 39.7 million, of which € 6.1 million maturing within one year, € 18.8 million maturing between 1 and 5 years and € 14.8 million maturing in more than 5 years. Lease liabilities refer for € 2.5 million to bank counterparties and for € 37.2 million to customer counterparties.

	Total 2022	Total 2021
Time band	Lease liabilities	
Up to 1 year	6,136	5,983
1 to 5 years	18,785	18,014
Over 5 years	14,802	15,652
Total lease liabilities	**39,723**	**39,648**

SECTION 2 – FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 20

2.1 FINANCIAL LIABILITIES HELD FOR TRADING: BREAKDOWN BY TYPE	Total 2022					Total 2021				
	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	2,131	0	X	X	0	7,924	0	X
1.1 Trading	X	0	2,066	0	X	X	0	7,924	0	X
1.2 Linked to fair value option	X	0	65	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**	**2,131**	**0**	**X**	**X**	**0**	**7,924**	**0**	**X**
Total (A+B)	**X**	**0**	**2,131**	**0**	**X**	**X**	**0**	**7,924**	**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 € 1,784 thousand, of which € 879 thousand relates to securitisation transactions.

SECTION 3 – FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE - ITEM 30

3.1 FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE: BREAKDOWN BY TYPE	Total 2022					Total 2021				
	NV	Fair value			Fair Value *	NV	Fair value			Fair Value *
Type of transaction/Amounts		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	**39,396**	**0**	**39,767**	**0**	**39,767**	**40,763**	**0**	**42,907**	**0**	**42,907**
3.1 Structured	0	0	0	0	X	0	0	0	0	X
3.2 Other	39,396	0	39,767	0	X	40,763	0	42,907	0	X
Total	**39,396**	**0**	**39,767**	**0**	**39,767**	**40,763**	**0**	**42,907**	**0**	**42,907**

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 2022*			NV 2020	*Fair value 2021*		
		L1	L2	L3		L1	L2	L3
A. Financial derivatives	**341,707**	**0**	**7,785**	**0**	**458,863**	**0**	**43,440**	**0**
1) Fair value	250,000	0	2,988	0	350,000	0	22,257	0
2) Cash flows	91,707	0	4,797	0	108,863	0	21,183	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	**341,707**	**0**	**7,785**	**0**	**458,863**	**0**	**43,440**	**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 Transaction/Type of hedge	*Fair Value*							Cash flow		Foreign investments
	Micro-hedge						Macro-hedge	Micro-hedge	Macro-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	0	0	0	0	X	X	X	0	X	X
2. Financial assets measured at amortised cost	2,988	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	**2,988**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1. Financial liabilities	0	X	0	0	0	0	X	4,797	X	X
2. Portfolio	X	X	X	X	X	X	0	X	0	X
Total liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4,797**	**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 € 4,797 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 2022	Total 2021
- imbalance of adjustments on the notes portfolios	48,686	97,472
- credits relating to payment systems in the course of execution	52,642	36,250
- amounts to be credited to banks	7,647	98,657
- operating payables not connected to financial services	18,786	19,678
- amounts to be paid to the tax authorities on behalf of third parties	19,974	18,036
- amounts to be paid to personnel	9,161	10,969
- payables to SPV	19,266	15,219
- amounts to be recognised to customers	92,802	34,754
- residual deferred income	4,466	8,344
- amounts to be recognised to various institutions	5,043	5,769
- insurance premiums collected in the course of processing and to be paid back to companies	2,104	1,486
- other tax liabilities	1,486	1,221
- residual accrued liabilities	471	490
- other items	7,612	13,847
Total	**290,146**	**362,192**

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 2022	Total 2021
A. Opening balance	**20,213**	**19,951**
B. Increases	**1,380**	**920**
B.1 Provisions for the year	0	90
B.2 Other changes	1,380	830
C. Decreases	**(7,477)**	**-658**
C.1 Severance payments	(4,380)	-597
C.2 Other changes	(3,097)	-61
D. Closing balance	**14,116**	**20,213**
Total	**14,116**	**20,213**

9.2 Other information

According to statutory regulations, as at 31 December 2022, the provision for employee severance pay amounted to € 14,472 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 2022	Total 2021
1. Provisions for credit risk relating to commitments and financial guarantees given	5,247	5,167
2. Provisions on other commitments and other guarantees given	0	0
3. Pensions and other post-retirement benefit obligations	0	0
4. Other provisions for risks and charges	38,158	31,516
4.1 legal and tax disputes	7,053	7,968
4.2 personnel charges	10,868	5,652
4.3 other	20,237	17,896
Total	**43,405**	**36,683**

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**	**0**	**31,516**	**31,516**
B. Increases	**0**	**0**	**36,369**	**36,369**
B.1 Provision for the year	0	0	36,369	36,369
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	0	0
C. Decreases	**0**	**0**	**29,727**	**29,727**
C.1 Use during the year	0	0	27,624	27,624
C.2 Difference due to discount rate changes	0	0	0	0
C.3 Other changes	0	0	2,103	2,103
D. Closing balance	**0**	**0**	**38,158**	**38,158**

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	596	249	0	0	845
Financial guarantees given	213	247	3,942	0	4,402
Total	**809**	**496**	**3,942**	**0**	**5,247**

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.

In the context of the overall re-organisation of the supplementary pension schemes operating within the Group's perimeter, the closure of the "Fondo Pensione Integrativo per il Personale della Cassa di Risparmio di Asti" was ordered, which then took place at the end of 2022.
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 “CRAsti Supplementary Fund”) established in 1969 was a fund with its own legal personality, full capital autonomy pursuant to Article 12 of the Italian Civil Code and autonomous asset management.
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 Fondo Integrativo CRAsti, 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 CRAsti 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 CRAsti 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.
In 2022, the disposal and sale of the assets still owned were completed. The appointment of the liquidator made it possible to complete all the obligations relating to the closure of the fund.

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	2022	2021
	EXTERNAL PLAN Supplementary Pension Fund	EXTERNAL PLAN Supplementary Pension Fund
Opening balance	**12,926**	**7,880**
Financial expenses	0	15
Social security cost for service	0	0
Indemnities paid	0	-572
Actuarial gains	0	642
Plan participant contributions	0	0
Other changes	-12,926	4,961
Closing balance	**0**	**12,926**

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 2022	Total 2021
Provision for risks on claw-backs	638	541
Provision for tax dispute	520	520
Other provisions for risks and charges	19,079	16,835
Total	**20,237**	**17,896**

The other provisions for risks and charges are mainly represented by:

- future expenses for potential compensation to be provided to customers in the case of early terminations. This provision was increased in anticipation of potential future charges as a result of the aforementioned ruling of the Constitutional Court no. 263 of 22 December 2022 relating to the so-called 'Lexitor ruling'. In relation to the portfolio as at 31/12/22 (therefore already net of the actual early repayments at that date), for each year of disbursement the Company estimated the future early repayments, based on the average percentage of early repayment of the loans occurred in the last 10 years by available historical vintage, measured on the historical curves of the Company. In relation to the calculation of the provision, for each year of disbursement up to June 2020 (the date on which the loan contracts became 'all TAN') the amount of all upfront commissions contractually non-repayable but which is expected to repay in compliance with the Constitutional Court ruling, starting from 31 December 2022, in the event of early repayment of the existing loans. The re-payment of these components is calculated in proportion to the interest curve of the amortisation plan. The fund is discounted at the average funding rate. The Company has also estimated the potential impact of the disputes deriving from the early repayment of the loans that have already taken place, quantifying the recognition to the customer of the part of the commissions for which the Company could be subject to conviction by the ABF. The amount of the commissions to be reversed was calculated at the time of settlement of each loan transaction in proportion to the residual interest not accrued. For further clarifications, please refer to section 4 of the Accounting Policies of this document.

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 2022, the Group's share capital amounted to € 363,971 thousand, broken down into 70,537,048 ordinary shares with a nominal value of € 5.16.

As at 31 December 2022, the Group held 993,432 treasury shares in the portfolio, recognised in the financial statements at the cost of € 12.03 each, equal to a total of € 11,955 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 (-)	-893,432	0
A.2 Shares outstanding: opening balance	**69,643,616**	**0**
B. Increases	**0**	**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	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	0	0
C. Decreases	**100,000**	**0**
C.1 Cancellation	0	0
C.2 Purchase of treasury shares	100,000	0
C.3 Business transferred	0	0
C.4 Other changes	0	0
D. Shares outstanding: closing balance	**69,543,616**	**0**
D.1 Treasury shares (+)	993,432	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 - 28,005,614 shares (39.70%), nominal value € 144,509 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;
- Banco 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;
- 993,432 treasury shares (1.41%), nominal value € 5,126 thousand.

13.4 PROFIT RESERVES: OTHER INFORMATION

Items/Amounts	Total 2022
Legal and statutory reserves	431,138
- legal reserve	32,427
- ordinary reserve	112,871
- extraordinary reserve	288,110
- treasury share dividend reserve	240
- expenses for share capital increase	-2,510
Treasury shares reserve	11,955
Other reserves	-196,192
- consolidation reserve	29,827
- 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	-14,042
Total	**246,901**

13.5 EQUITY INSTRUMENTS: BREAKDOWN AND ANNUAL CHANGES

During the 2022 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 € 13.4 million net of tax charges.

SECTION 14 – MINORITY SHAREHOLDERS' EQUITY - ITEM 190

14.1 MINORITY SHAREHOLDERS' EQUITY: BREAKDOWN Items/Amounts	Total 2022
1) Share capital	16,797
2) Share Premium Reserve	0
3) Reserves	8,376
4) (Treasury shares)	0
5) Valuation reserves	500
6) Equity instruments	0
7) Minority profit (loss) for the year	601
Total	**26,274**

DETAILS OF ITEM 190 MINORITY SHAREHOLDERS' EQUITY Company Name	Total 2022	Total 2021
Equity investments with significant minority interests		
1) Pitagora Contro Cessione del Quinto S.p.A.	26,129	27,627
2) We Finance S.p.A.	33	1,547
Other equity investments	112	101
Total	**26,274**	**29,275**

OTHER INFORMATION

1. COMMITMENTS AND GUARANTEES GIVEN	Nominal value on commitments and guarantees given				Total 2022	Total 2021
	Stage 1	Stage 2	Stage 3	purchased or originated credit impaired		
1. Commitments to disburse funds	**1,499,658**	**24,209**	**4,980**	**0**	**1,528,847**	**1,540,339**
a) Central Banks	0	0	0	0	0	0
b) Public administration	188,257	15	0	0	188,272	193,408
c) Banks	3,958	0	0	0	3,958	302
d) Other financial companies	40,811	254	0	0	41,065	40,623
e) Non-financial companies	1,039,196	18,660	4,704	0	1,062,560	1,083,570
f) Households	227,436	5,280	276	0	232,992	222,436
2. Financial guarantees given	**40,385**	**278**	**1,497**	**0**	**42,160**	**39,886**
a) Central Banks	0	0	0	0	0	0
b) Public administration	23	0	0	0	23	23
c) Banks	22,294	0	0	0	22,294	20,806
d) Other financial companies	212	0	0	0	212	229
e) Non-financial companies	7,420	80	1,213	0	8,713	9,495
f) Households	10,436	198	284	0	10,918	9,333

2. OTHER COMMITMENTS AND OTHER GUARANTEES GIVEN	Nominal value	
	Total 2022	Total 2021
Other guarantees given	**115,337**	**112,702**
of which: non-performing credit exposures	4,057	4,490
a) Central Banks	0	0
b) Public administration	783	615
c) Banks	0	271
d) Other financial companies	2,596	1,682
e) Non-financial companies	102,428	100,318
f) Households	9,530	9,816
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 2022	Amount 2021
1. Financial assets measured at fair value through profit or loss	0	0
2. Financial assets measured at fair value through other comprehensive income	381,164	285,760
3. Financial assets measured at amortised cost	1,470,636	1,282,450
4. Property, plant and equipment	0	0
of which: property, plant and equipment considered inventory	0	0

Assets were set up to guarantee the following transactions:

- as security for bankers' drafts for € 14,981 thousand;
- to guarantee pooling with the Bank of Italy for € 1,746,921 thousand;
- to guarantee transactions in non-over-the-counter derivatives for € 17,790 thousand;
- to guarantee other transactions for € 55,761 thousand.

4. ASSET MANAGEMENT AND TRADING ON BEHALF OF THIRD PARTIES Type of services	Amount 2022	Amount 2021
1. Trading on behalf of customers	**0**	**0**
a) purchases	0	0
1. settled	0	0
2. unsettled	**0**	**0**
b) sales	0	0
1. settled	0	0
2. unsettled	0	0
2. Portfolio management	**1,739,078**	**1,736,233**
a) individual	1,739,078	1,736,233
b) collective	0	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	0
1. securities issued by the bank drafting the financial statements	0	0
2. other securities	0	0
b) third party securities held on deposit (excluding segregated accounts): other	4,482,841	4,239,803
1. securities issued by the bank drafting the financial statements	1,491,976	1,596,136
2. other securities	2,990,865	2,643,667
c) third party securities deposited with third parties	4,879,711	4,344,070
d) own securities deposited with third parties	6,118,333	4,414,177
4. Other transactions	**48,092**	**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 2022 (f=c-d-e)	Net amount 2021
Instrument type				Financial instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	2,446,305	0	2,446,305	2,274,200	0	172,105	1,411
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 2022	**2,446,305**	**0**	**2,446,305**	**2,274,200**	**0**	**172,105**	**X**
Total 2021	**1,467,640**	**0**	**1,467,640**	**1,466,229**	**0**	**X**	**1,411**

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 2022 (f=c-d-e)	Net amount 2021
Instrument type				Financial instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	2,278,297	0	2,278,297	2,274,200	0	4,097	38,241
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 2022	**2,278,297**	**0**	**2,278,297**	**2,274,200**	**0**	**4,097**	**X**
Total 2021	**1,504,470**	**0**	**1,504,470**	**1,466,299**	**0**	**X**	**38,241**

7. SECURITIES LENDING TRANSACTIONS

There are no items of this type.

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 2022	Total 2021
1. Financial assets measured at fair value through profit or loss	90	1,252	566	1,908	1,614
1.1 Financial assets held for trading	6	1,252	566	1,824	1,614
1.2 Financial assets designated at fair value	0	0	0	0	0
1.3 Other financial assets mandatorily measured at fair value	84	0	0	84	0
2. Financial assets measured at fair value through other comprehensive income	16,343	736	X	17,079	12,691
3. Financial assets measured at amortised cost	28,167	231,554	X	259,721	225,915
3.1 Loans and advances to banks	0	9,096	X	9,096	91
3.2 Loans and advances to customers	28,167	222,458	X	250,625	225,824
4. Hedging derivatives	X	X	0	0	0
5. Other assets	X	X	4,429	4,429	821
6. Financial liabilities	X	X	X	10,838	26,601
Total	**44,600**	**233,542**	**4,995**	**293,975**	**267,642**
of which: interest income from impaired financial assets	**0**	**3,692**	**0**	**3,692**	**4,251**
of which: interest income on finance lease	0	0	0	0	0

Item '6. Interest income on financial liabilities' is almost made up of 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 2022 totalled € 4,652 thousand, of which € 29 thousand collected during the year.

1.2 Interest income and similar revenues: other information

Under "Loans and advances to customers - Loans", € 82,513 thousand is recognised for interest income on securitised mortgages and € 798 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 € 1,768 thousand and loans to credit institutions for roughly € 182 thousand, for a total of € 1,950 thousand.

1.3 INTEREST EXPENSE AND SIMILAR CHARGES: BREAKDOWN Item/Type	Payables	Securities	Other transactions	Total 2022	Total 2021
1. Financial liabilities measured at amortised cost	(31,874)	(23,424)	X	(55,298)	(44,821)
1.1 Deposits from central banks	0	X	X	0	0
1.2 Deposits from banks	(6,853)	X	X	(6,853)	(6,506)
1.3 Deposits from customers	(25,021)	X	X	(25,021)	(14,926)
1.4 Debt securities in issue	X	(23,424)	X	(23,424)	(23,389)
2. Financial liabilities held for trading	0	0	0	0	0
3. Financial liabilities designated at fair value	0	(914)	0	(914)	(844)
4. Other liabilities and funds	X	X	0	0	0
5. Hedging derivatives	X	X	(26,697)	(26,697)	(28,042)
6. Financial assets	X	X	X	X	0
Total	**(31,874)**	**(24,338)**	**(26,697)**	**(82,909)**	**(73,707)**
of which: interest expense relating to lease liabilities	(654)	X	X	(654)	(682)

The item 'Deposits from customers - Payables' includes € 7,723 thousand referring to the interest generated by the securitisation.

1.4 Interest expense and similar charges: other information

The item “Debt securities in issue” includes interest on subordinated loans for € 6,877 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 deposits from credit institutions for roughly € 402 thousand.

1.5 SPREADS ON HEDGING TRANSACTIONS Items	Total 2022	Total 2021
A. Positive spreads on hedging transactions:	0	0
B. Negative spreads on hedging transactions:	(26,697)	(28,042)
C. Net spread (A-B)	**(26,697)**	**(28,042)**

SECTION 2 - FEES AND COMMISSION INCOME/EXPENSE - ITEMS 40 AND 50

2.1 FEES AND COMMISSION INCOME: BREAKDOWN Services/Amounts	Total 2022	Total 2021
a) Financial instruments	**50,155**	**46,401**
1. Placement of securities	25,180	24,139
1.1 With underwriting and/or based on an irrevocable commitment	0	0
1.2 Without irrevocable commitment	25,180	24,139
2. Reception and transmission of orders and execution of orders on behalf of customers	2,153	1,585
2.1 Receipt and transmission of orders for one or more financial instruments	2,153	1,585
2.2. Execution of orders on behalf of customers	0	0
3. Other commissions connected with activities related to financial instruments	22,822	20,677
of which: trading on own account	0	0
of which: individual portfolio management	22,822	20,677
b) Corporate Finance	**605**	**638**
1. Mergers and acquisitions advisory services	0	0
2. Treasury services	605	638
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	**875**	**874**
1. Custodian bank	0	0
2. Other fees related to custody and administration	875	874
f) Central administrative services for collective portfolio management	**0**	**0**
g) Fiduciary activity	**0**	**0**
h) Payment services	**52,319**	**49,965**
1. Current accounts	30,414	29,487
2. Credit cards	1,207	1,373
3. Debit and other payment cards	5,470	5,387
4. Wire transfers and other payment orders	3,921	3,740
5. Other fees related to payment services	11,307	9,978
i) Distribution of third party services	**30,914**	**31,073**
1. Collective portfolio management	0	0
2. Insurance products	26,982	26,831
3. Other products	3,932	4,242
of which: individual portfolio management	0	0
j) Structured finance	**0**	**0**
k) Securitisation transaction servicing	**3,342**	**2,883**
l) Commitments to disburse funds	**0**	**0**
m) Financial guarantees given	**1,898**	**1,977**
of which: credit derivatives	0	0
n) Financing operations	**12**	**0**
of which: for factoring operations	12	0
o) Currency trading	**801**	**648**
p) Goods	0	**0**
q) Other fee and commission income	**32,038**	**27,999**
of which: for management of multilateral trading facilities	0	0
of which: for the management of organised trading systems	0	0
Total	**172,959**	**162,458**

Item “q) other fee and commission income” includes € 12,234 thousand relating to commissions for the provision of sums.

2.2 FEE AND COMMISSION EXPENSE: BREAKDOWN Services/Amounts	Total 2022	Total 2021
a) Financial instruments	**(1,406)**	**(1,273)**
of which trading of financial instruments	(1,406)	(1,273)
of which placement of financial instruments	0	0
of which individual portfolio management	0	0
- own	0	0
- delegated to third parties	0	0
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	**(701)**	**(797)**
e) collection and payment services	**(3,389)**	**(3,105)**
including credit, debit and other payment cards	(2.003)	(1,958)
f) securitisation transaction servicing	**0**	**0**
g) commitments to receive funds	**0**	**0**
h) financial guarantees received	**(815)**	**(2)**
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	**(59,164)**	**(65,566)**
Total	**(65,475)**	**(70,743)**

Fee and commission expense for guarantees received consist entirely of payments to the M.C.C. for the granting of guarantees for SMEs, pursuant to Law 662/96, Article 2, paragraph 100, letter a).

SECTION 3 – DIVIDENDS AND SIMILAR INCOME – ITEM 70

3.1 DIVIDENDS AND SIMILAR INCOME: BREAKDOWN	Total 2022		Total 2021	
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	190	0	200
C. Financial assets measured at fair value through other comprehensive income	10,227	0	10,225	0
D. Equity investments	0	0	0	0
Total	**10,227**	**190**	**10,425**	**200**

ANALYSIS OF ITEM 70 - DIVIDENDS AND SIMILAR INCOME	Total 2022	Total 2021
A. Financial assets held for trading	0	0
B. Other financial assets mandatorily measured at fair value:	190	200
- Similar income	190	200
C. Financial assets measured at fair value through other comprehensive income	10,227	10,225
- Bank of Italy	10,200	10,200
- Similar income	27	25
D. Equity investments	0	0
Total	**10,417**	**10,425**

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	**33,178**	**82,755**	**(2,550)**	**(42,249)**	**71,134**
1.1 Debt securities		695	(2)	(8)	685
1.2 Equity instruments				(14)	(14)
1.3 Units of UCITS	0	0	0	0	0
1.4 Loans	33,178	82,060	(2,548)	(42,227)	70,463
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**	**839**
3. Derivatives	**6,431**	**84,995**	**(5,133)**	**(42,233)**	**43,052**
3.1 Financial derivatives:	6,431	84,995	(5,133)	(42,750)	43,535
- On debt securities and interest rates	6,431	84,531	(5,133)	(38,923)	46,906
- On equity instruments and stock indices		241		(3,827)	(3,586)
- On currencies and gold	X	X	X	X	(8)
- Other	0	223	0	0	223
3.2 Credit derivatives	0	0	0	(483)	(483)
of which: natural hedges related to fair value option	X	X	X	X	0
Total	**39,609**	**167,750**	**(7,683)**	**(85,482)**	**115,025**

SECTION 5 - NET PROFIT (LOSS) FROM HEDGING - ITEM 90

5.1 NET PROFIT (LOSS) FROM HEDGING: BREAKDOWN Income/Amounts	Total 2022	Total 2021
A. Gains on:		
A.1 Fair value hedging derivatives	379,251	60,296
A.2 Hedged financial assets (fair value)	477	7,193
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)	**379,728**	**67,489**
B. Losses on:		
B.1 Fair value hedging derivatives	(3,184)	(7,061)
B.2 Hedged financial assets (fair value)	(372,361)	(60,478)
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)	**(375,545)**	**(67,539)**
C. Net profit from hedging activities (A - B)	**4,183**	**(50)**
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 2022			Total 2021		
Items/Income	Gains	Losses	Net profit (loss)	Gains	Losses	Net profit (loss)
A. Financial assets						
1. Financial assets measured at amortised cost	5,422	(59,563)	(54,141)	55,614	(18,170)	37,444
1.1 Loans and advances to banks	0	0	0	0	0	0
1.2 Loans and advances to customers	5,422	(59,563)	(54,141)	55,614	(18,170)	37,444
2. Financial assets measured at fair value through other comprehensive income	9,309	(21,152)	(11,843)	5,249	(1)	5,248
2.1 Debt securities	3,370	(20,961)	(17,591)	5,249	(1)	5,248
2.2 Loans	5,939	(191)	5,748			0
Total assets (A)	**14,731**	**(80,715)**	**(65,984)**	**60,863**	**(18,171)**	**42,692**
B. Financial liabilities measured at amortised cost						
1. Deposits from banks	0	0	0	0	0	0
2. Deposits from customers	606	(246)	360	772	(2,174)	(1,402)
3. Debt securities in issue	945	(17)	928	725	(201)	524
Total liabilities (B)	**1,551**	**(263)**	**1,288**	**1,497**	**(2,375)**	**(878)**

The gains on "Loans and advances to customers" derive from the partial disinvestment of government securities measured at amortised cost (HTC business model).

The losses on 'Loans and advances to customers' mainly refer to losses originating from transfers of NPLs as part of the segment derisking strategy for € 59.1 million.

The gains on "Financial assets measured 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 ASSETS AND 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	**1,967**	**57**	**0**	**0**	**2,024**
2.1 Debt securities in issue	1,967	57	0	0	2,024
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: foreign exchange differences	**X**	**X**	**X**	**X**	**0**
Total	**1,967**	**57**	**0**	**0**	**2,024**

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	**136**	**0**	**(1,217)**	**(2)**	**(1,083)**
1.1 Debt securities	0	0	0	0	0
1.2 Equity instruments	0	0	0	0	0
1.3 Units of UCITS	136	0	(1,217)	(2)	(1,083)
1.4 Loans	0	0	0	0	0
2. Financial assets denominated in foreign currency: foreign exchange differences	**X**	**X**	**X**	**X**	**0**
Total	**136**	**0**	**(1,217)**	**(2)**	**(1,083)**

SECTION 8 – NET ADJUSTMENTS/RECOVERIES FOR CREDIT RISK – ITEM 130

8.1 NET ADJUSTMENTS FOR CREDIT RISK ON FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN Transactions/Income	Value adjustments (1)						Recoveries (2)				Total 2022
	Stage 1	Stage 2	Stage 3		purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	purchased or originated credit impaired	
			Write-offs	Other	*Write-offs*	Other					
A. Loans and advances to banks	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**1**
- Loans	0	0	0	0	0	0	1	0	0	0	1
- Debt securities	0	0	0	0	0	0	0	0	0	0	0
B. Loans and advances to customers	**(3,990)**	**(161)**	**(14,360)**	**(53,462)**	**0**	**(1,205)**	**945**	**0**	**24,064**	**2,767**	**(45,402)**
- Loans	(2,948)	(79)	(14,360)	(53,462)	0	(1,205)	945	0	24,064	2,767	(44,278)
- Debt securities	(1,042)	(82)	0	0	0	0	0	0	0	0	(1,124)
Total	**(3,990)**	**(161)**	**(14,360)**	**(53,462)**	**0**	**(1,205)**	**946**	**0**	**24,064**	**2,767**	**(45,401)**

The item recoveries on loans relating to loans and advances to customers includes € 14,974 thousand in recoveries from collection.

8.1a NET ADJUSTMENTS FOR CREDIT RISK ON LOANS MEASURED AT AMORTISED COST SUBJECT TO COVID-19 SUPPORT MEASURES: BREAKDOWN Transactions/Income	Value adjustments (1)						Total 2022	Total 2021
	Stage 1	Stage 2	Stage 3		*purchased or originated credit impaired*			
			Write-offs	Other	*Write-offs*	Other		
1. Forborne loans compliant with the GL	(13)	0	0	0	0	0	(13)	0
2. Loans subject to moratorium measures in place no longer compliant with the GL and not assessed as subject to forbearance	(135)	0	(19)	0	0	0	(154)	(438)
3. Loans subject to other forbearance measures	0	0	0	0	0	0	0	(5,446)
4. New loans	(906)	0	(8,144)	0	0	(143)	(9,193)	(3,620)
Total	**(1,054)**	**0**	**(8,163)**	**0**	**0**	**(143)**	**(9,360)**	**(9,504)**

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 2022	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. Debt securities	**(51)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(51)**	**(224)**
B. Loans	**(396)**	**(15)**	**0**	**(688)**	**0**	**0**	**196**	**24**	**2,488**	**0**	**1,609**	**813**
- customers	(396)	(15)	0	(688)	0	0	196	24	2,488	0	1,609	813
- banks	0	0	0		0	0	0	0	0	0	0	0
Total	**(447)**	**(15)**	**0**	**(688)**	**0**	**0**	**196**	**24**	**2,488**	**0**	**1,558**	**589**

SECTION 9 – PROFITS/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 paragraph 5.4.3 and Appendix A of IFRS 9.

As at 31 December 2022, this item amounted to roughly € 144 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 2022	Total 2021
1) Employees	**(142,412)**	**(131,984)**
a) wages and salaries	(94,676)	(93,299)
b) social security charges	(24,525)	(24,681)
c) termination indemnities	(5,569)	(5,179)
d) social security expenses	0	0
e) provision for employee severance pay	(232)	(90)
f) provision for pension fund and similar obligations:	0	0
- defined contribution	0	0
- defined benefit	0	0
g) contributions to external supplementary pension funds:	(3,957)	(3,823)
- defined contribution	(3,954)	(3,820)
- defined benefit	(3)	(3)
h) costs related to share-based payment arrangements	0	0
i) other employee benefits	(13,453)	(4,912)
2) Other staff	**(350)**	**(49)**
3) Directors and Statutory Auditors	**(2,457)**	**(2,518)**
4) Retired personnel	**0**	**0**
Total	**(145,219)**	**(134,551)**

12.2 AVERAGE NUMBER OF EMPLOYEES PER CATEGORY	Total 2022	Total 2021
1) Employees	1,855	1,867
a) executives	30	31
b) middle managers	587	587
c) remaining staff	1,238	1,249
2) Other staff	0	2
Total	**1,855**	**1,869**

12.3 DEFINED BENEFIT COMPANY PENSION FUNDS: COSTS AND REVENUES	
Costs and revenues	**1,689**
Revenues relating to employee severance pay	1,689

	2022 Employee severance pay
Costs and revenues recognised	**1,689**
Social security cost relating to service	0
Financial income from discounting	0
Financial income from discounting shown in Other Comprehensive Income	1,739
Financial expenses recognised in profit or loss	0
Expected return on Fund assets	(50)

12.5 OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN	Total 2022	Total 2021
Expenses for data processing and archiving	(28,292)	(27,139)
Rent payable on real estate and rental of moveable assets	(1,325)	(1,201)
Expenses for the maintenance of real estate and moveable assets	(5,832)	(4,457)
Legal expenses	(5,784)	(4,310)
Building management expenses	(5,516)	(4,831)
Phone, data transmission and postal expenses	(3,685)	(3,681)
Advertising and promotional expenses	(3,902)	(3,962)
Expenses for commercial information, records, appraisals	(6,783)	(5,945)
Costs for the provision of services regarding personnel	(710)	(450)
Securitisation costs	(5,237)	(5,536)
Expenses for transportation of valuables	(2,820)	(2,533)
Other professional and advisory expenses	(4,943)	(4,821)
Expenses for office materials	(673)	(650)
Membership fees	(14,766)	(14,878)
Electronic banking	(699)	(1,244)
Travel and transportation expenses	(1,075)	(977)
Machine rental expenses	(1,411)	(1,581)
Expenses for the acquisition of treasury services	(3)	(8)
Customer insurance		0
Other expenses	(4,894)	(4,454)
INDIRECT TAXES AND DUTIES		
Stamp duties	(24,049)	(24,876)
Substitute tax	(2,210)	(2,203)
IMU/ICI tax	(1,413)	(1,392)
Municipal solid waste disposal fee	(310)	(303)
Advertising tax	(206)	(266)
Registration tax	(158)	(79)
Other taxes and duties	(144)	(121)
Total	**(126,840)**	**(121,898)**

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 2022	Total 2021
Commitments to disburse funds and financial guarantees given stage 1-2	(81)	1,192
Commitments to disburse funds and financial guarantees given stage 3	(9)	(1,043)
Total	**(90)**	**149**

13.3 NET ALLOCATIONS TO OTHER PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN	Total 2022	Total 2021
Provisions and reallocations to provisions for risks due to claw-backs	(240)	(232)
Provisions and reallocations to provisions for personnel expenses	(899)	(173)
Provisions and reallocations for other disputes	(1,539)	(1,758)
Other provisions and reallocations to provisions for risks and charges	(20,495)	(11,862)
Total	**(23,173)**	**(14,025)**

Net allocations to provisions for liabilities include net provisions relating to complaints, disputes or requests for relief and revocation of approximately € 1,8 million. As a result of the ruling of the European Constitutional Court no. 263 of 22 December 2022, the Bank has set aside approximately € 370 thousand for potential future charges.

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

- potential future expenses referring to reimbursements of price spreads between the discount rate and the rate applied to customers due to loan transferee companies in case of early termination for € 20.8 million;
- potential future expenses relating to collection costs charged by INPS, amounting to € 1.4 million;
- potential future charges related to possible customer complaints amounting to € 6.4 million, in relation to the above-mentioned Constitutional Court ruling no. 263 of 22 December 2022 (so-called 'Lexitor ruling') as better clarified in section 4 of the Accounting Policies.

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

- € 0.9 million, as a provision in reference to the Lexitor Ruling;
- € 122 thousand, as a prudential provision made on receivables to meet the arising of any potential liabilities.

SECTION 14 - NET ADJUSTMENTS TO/RECOVERIES ON PROPERTY, PLANT AND EQUIPMENT - ITEM 210

14.1 NET ADJUSTMENTS TO/RECOVERIES ON 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	(14,552)	0	0	(14,552)
- Owned	(7,656)	0	0	(7,656)
- Rights of use acquired with leases	(6,896)	0	0	(6,896)
2. Held for investment purposes	(1,287)	0	0	(1,287)
- Owned	(1,287)	0	0	(1,287)
- Rights of use acquired with leases	0	0	0	0
3. Inventory	X	0	0	0
Total	**(15,839)**	**0**	**0**	**(15,839)**

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*	(5,109)	0	0	(5,109)
A.1 Owned	(7,691)	0	0	(7,691)
- Generated internally by the company	0	0	0	0
- Other	(7,691)	0	0	(7,691)
A.2 Rights of use acquired with leases	0	0	0	0
Total	**(7,691)**	**0**	**0**	**(7,691)**

SECTION 16 - OTHER OPERATING EXPENSES/INCOME - ITEM 230

16.1-16.2 OTHER OPERATING EXPENSES/INCOME: BREAKDOWN	Total 2022	Total 2021
Other operating income	**32,168**	**31,352**
Tax recovery	26,123	26,524
Charges to third parties for costs on deposits and c/a	411	548
Rent and fee income	1,610	1,044
Other income from contingent assets	2,492	1,664
Recoveries of other expenses	1,532	1,572
Other operating expenses	**(2,513)**	**(2,295)**
Amortisation on improvements on third party assets	(981)	(977)
Other expenses and contingent liabilities	(1,532)	(1,318)
Total other operating expenses/income	**29,655**	**29,057**

SECTION 17 - GAINS (LOSSES) ON EQUITY INVESTMENTS - ITEM 250

There are no items of this type.

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 2022	Total 2021
A. Property	140	(449)
- Gains on disposal	140	0
- Losses on disposal	0	(449)
B. Other assets	0	0
- Gains on disposal	0	0
- Losses on disposal	0	0
Net profit (loss)	**140**	**(449)**

SECTION 21 – TAX EXPENSES (INCOME) FOR THE YEAR FROM CONTINUING OPERATIONS - ITEM 300

21.1 TAX EXPENSES (INCOME) FOR THE YEAR FROM CONTINUING OPERATIONS: BREAKDOWN Income/Sectors	Total 2022	Total 2021
1. Current tax (-)	(8,115)	(9,558)
2. Changes of current tax of previous years (+/-)	(2,192)	817
3. Decreases in current tax for the year (+)	5,395	1,683
3.*bis* Decreases in current tax for the year due to tax credit pursuant to Law 214/2011 (+)	0	0
4. Changes in deferred tax assets (+/-)	(12,484)	(19,220)
5. Changes in deferred tax liabilities (+/-)	2,213	9,329
6. Tax expense for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**(15,183)**	**(16,949)**

21.2 RECONCILIATION BETWEEN THEORETICAL AND ACTUAL TAX CHARGE Items/Amounts	Total 2022
Profit before tax (item 250)	51,376
THEORETICAL TAXES	(16,857)
DEFINITIVE TAX INCREASES	(21,964)
- non-deductible costs and expenses	(2,176)
- non-deductible write-downs	(12,127)
- higher tax base and effective IRAP rate	(7,383)
- IMU tax and other non-deductible costs and taxes	(278)
DEFINITIVE TAX DECREASES	23,638
- exempt share of dividends and pex	1,006
- Aid to economic growth (ACE)	2,704
- decrease of current tax of previous years	107
- other decreases	19,821
INCOME TAXES IN INCOME STATEMENT	**(15,183)**

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 YEAR - ITEM 340

23.1 DETAILS OF ITEM 340 MINORITY PROFIT (LOSS) FOR THE YEAR Company Name	Total 2022	Total 2021
Equity investments with significant minority interests		
1. Pitagora Contro Cessione del Quinto S.p.A.	1,943	5,483
2. We Finance S.p.A.	(1,342)	(363)
Other equity investments	0	0
Total	**601**	**5,120**

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 € 0.51.

PART D
CONSOLIDATED
COMPREHENSIVE
INCOME

DETAILED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME Items		Total 2022	Total 2021
10.	**Profit (loss) for the year**	**36,193**	**39,647**
	Other income without reversal to income statement	**1,880**	**(37,198)**
20.	Equity securities designated at fair value through other comprehensive income:	177	(53,550)
	a) change in fair value	177	(53,550)
	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):	(160)	(407)
	a) change in fair value	(160)	(407)
	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	1,843	14,375
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	20	2,384
	Other income with reversal to income statement	**(14,779)**	**(32,875)**
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:	15,892	8,150
	a) changes in fair value	15,892	8,150
	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:	(37,933)	(57,268)
	a) changes in fair value	(37,903)	(57,493)
	b) reversal to income statement	51	224

	- losses for credit risk	51	224
	- realised gains/losses	0	0
	c) other changes	(81)	1
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	7,262	16,243
190.	**Total other income**	**(12,899)**	**(70,073)**
200.	**Other comprehensive income (Item 10+190)**	**23,294**	**(30,426)**
210.	Minority consolidated comprehensive income	(729)	4,868
220.	**Consolidated comprehensive income attributable to Parent Company**	**24,023**	**(35,294)**

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	78,507	115,947	22,598	96,545	9,929,407	10,243,004
2. Financial assets measured at fair value through other comprehensive income	1,058	1,787	1,109	205	985,592	989,751
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	4,310	4,310
5. Financial assets held for sale	0	0	0	0	0	0
Total 2022	**79,565**	**117,734**	**23,707**	**96,750**	**10,919,309**	**11,237,065**
Total 2021	**85,371**	**157,500**	**14,510**	**53,114**	**12,679,923**	**12,990,418**

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	380,025	162,973	217,052	36754	10,088,593	62,641	10,025,952	10,243,004
2. Financial assets measured at fair value through other comprehensive income	7,741	3,787	3,954	0	986,287	490	985,797	989,751
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	4,310	4,310
5. Financial assets held for sale	0	0	0	0	0	0	0	0
Total 2022	**387,766**	**166,760**	**221,006**	**36,754**	**11,074,880**	**63,131**	**11,016,059**	**11,237,065**
Total 2021	**501,371**	**243,990**	**257,381**	**50,742**	**12,792,358**	**60,982**	**12,733,037**	**12,990,418**

Portfolios/Quality	Assets with evident poor credit quality		Other assets
	Accumulated capital losses	Net exposure	Net exposure
1. Financial assets held for trading	(157)	862	20,515
2. Hedging derivatives	0	0	176,574
Total 2022	**(157)**	**862**	**197,089**
Total 2021	**(78)**	**503**	**63,852**

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 Bank 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 Banca di Asti, 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, some components have been removed in order to make them suitable for calculating the expected accounting loss on receivables. The components of the design model of the LGD AIRB model not considered for IFRS 9 purposes are the downturn corrective, the calibration corrective and the indirect cost corrective. Similarly, the CCF used for IRS9 purposes does not include the downturn corrective. For both parameters, the application of Conservation Margins or Appropriate Adjustments is not envisaged.

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

During the 2022 financial year, the credit facilities granted (on the basis of provisions issued by the government to support the economy and on the basis of the various industry agreements) due to the emergency situation experienced by the country following the spread of the COVID-19 pandemic with the aim of containing the recessive impacts on the territory came to maturity.

BAD LOANS - BREAKDOWN BY EXPOSURE	31/12/2022				31/12/2021			
Exposure	Amount	No. Posit.	% of tot. No.	% of tot. Amt	Amount	No. Posit.	% of tot. No.	% of tot. Amt
up to € 10 thousand	2,873	2,507	64.10%	1.63%	3,278	2,600	59.33%	1.51%
from € 10 to € 50 thousand	18,979	765	19.56%	10.79%	23,254	934	21.31%	10.73%
from € 50 to € 250 thousand	56,506	494	12.63%	32.12%	76,120	662	15.11%	35.13%
from € 250 to € 500 thousand	32,528	93	2.38%	18.49%	40,917	118	2.69%	18.88%
from € 500 to € 2,500 thousand	46,586	47	1.20%	26.48%	54,923	63	1.44%	25.35%
more than € 2,500 thousand	18,437	5	0.13%	10.48%	18,208	5	0.11%	8.40%
Total	**175,909**	**3,911**	**100.00%**	**100.00%**	**216,700**	**4,382**	**100.00%**	**100.00%**

BAD LOANS - BREAKDOWN BY AGEING	31/12/2022				31/12/2021			
Exposure	Amount	No. posit.	% of tot. No.	% of tot. Amt	Amount	No. posit.	% of tot. No.	% of tot. Amt
arising in 2022	56,833	833	21.30%	32.31%				
arising in 2021	48,358	784	20.05%	27.49%	82,414	999	22.80%	38.03%
arising in 2020	28,518	538	13.76%	16.21%	54,010	801	18.28%	24.92%
arising in 2019	7,172	388	9.92%	4.08%	16,180	537	12.25%	7.47%
arising in 2018	5,831	195	4.99%	3.31%	10,234	325	7.42%	4.72%
arising in 2017	3,211	134	3.43%	1.83%	4,934	176	4.02%	2.28%
arising in 2016	8,903	182	4.65%	5.06%	13,686	271	6.18%	6.32%
arising in 2015	4,023	113	2.89%	2.29%	8,079	173	3.95%	3.73%
arising in 2014	3,346	127	3.25%	1.90%	7,273	159	3.63%	3.36%
arising in 2013	3,139	78	1.99%	1.78%	6,638	117	2.67%	3.06%
arising until the end of 2012	6,575	539	13.78%	3.74%	13,252	824	18.80%	6.12%
Total	**175,909**	**3,911**	**100.00%**	**100.00%**	**216,700**	**4,382**	**100.00%**	**100.00%**

The tables above do not include interest on arrears considered entirely non-recoverable for € 13.695 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	25,961	264	1	24,285	41,927	3,823	5,088	28,924	179,383	279	335	3,327
2. Financial assets measured at fair value through other comprehensive income	0	0	0	151	54	0	8	984	2,962	0	0	0
Total 2022	**25,961**	**264**	**1**	**24,436**	**41,981**	**3,823**	**5,096**	**29,908**	**182,345**	**279**	**335**	**3,327**
Total 2021	**10,720**	**0**	**2**	**16,421**	**21,938**	**3,870**	**13,558**	**9,784**	**228,958**	**72**	**289**	**4,882**

PART E
INFORMATION ON RISKS AND RELATIVE HEDGING POLICIES

1.1 CREDIT RISK

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**	**13,546**	**669**	**0**	**0**	**14,215**	**0**	**46,318**	**29**	**0**	**0**	**46,347**
Increases from purchased or originated credit impaired financial assets	0	6,194	89	0	0	6,283	0	2,346	0	0	0	2,346
Derecognitions other than write-offs	0	-1,120	-4	0	0	-1,124	0	-2,037	-377	0	0	-2,414
Net adjustments/recoveries for credit risk (+/-)	0	-2,909	-266	0	0	-3,175	0	-184	353	0	0	169
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	0	0	0	0	0	0	0	0	0	0	0
Other changes	0	-55	-4	0	0	-59	0	162	1	0	0	162
Closing balance of overall adjustments	**0**	**15,656**	**484**	**0**	**0**	**16,140**	**0**	**46,605**	**6**	**0**	**0**	**46,610**
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	0	0	0	0	0	0	-12,573	0	0	0	-12,573

(Continued)

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	
0	**232,753**	**5,573**	**0**	**238,326**	**0**	**6,084**	**0**	**0**	**5,664**	**420**	**753**	**472**	**3,942**	**0**	**418,666**
0	5,290	0	0	5,290	0	X	X	X	X	X	650	74	0	0	14,643
0	-5,341	-388	0	-5,729	0	0	0	-239	-239		-201	-166	-177	0	-9,811
0	-55,011	-1,554	0	-56,565	0	0	0	-1,139	-1,099	-40	-385	116	180	0	-59,660
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	-19,130	0	0	-19,130	0	0	0	-56	-56	0	0	0	-12	0	-19,142
0	141	156	0	297	0	0	0	0	0	0	-8	0	9	0	402
0	**158,702**	**3,787**	**0**	**162,489**	**0**	**6,084**	**0**	**-1,434**	**4,270**	**380**	**809**	**496**	**3,942**	**0**	**236,571**
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	-24	0	0	-24	0	0	0	0	0	0	0	0	0	0	-12,597

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 2022	**566,452**	**161,197**	**77,001**	**3,042**	**50,497**	**10,083**
Total 2021	**566,452**	**161,197**	**77,001**	**3,042**	**50,497**	**10,083**

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	**40,373**	**10,320**	**11,106**	**0**	**12,787**	**23**
A.1 forborne exposures compliant with the GL	204	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	1,342	0	41	0	54	0
A.3 subject to other forbearance measures	0	0	0	0	0	0
A.4 new loans	38,827	10,320	11,065	0	12,733	23
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 2022	**40,373**	**10,320**	**11,106**	**0**	**12,787**	**23**
Total 2021	**196,567**	**15,961**	**12,995**	**84**	**12,154**	**0**

A.1.4 PRUDENTIAL CONSOLIDATION - BALANCE SHEET AND OFF-BALANCE SHEET CREDIT EXPOSURES TO BANKS: GROSS AND NET AMOUNTS	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. BALANCE SHEET CREDIT EXPOSURES												
A.1 ON DEMAND	**1,554,301**	**1,554,301**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,554,301**	**0**
a) Non-performing	0	X	0	0	0	0	X	0	0	0	0	0
b) Performing	1,554,301	1,554,301	0	X	0	0	0	0	X	0	1,554,301	0
A.2 OTHER	**85,883**	**85,835**	**1**	**3**	**0**	**2**	**0**	**0**	**1**	**0**	**85,881**	**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	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
c) Non-performing past due exposures	3	X	0	3	0	1	X	0	1	0	2	0
- of which: forborne exposures	0	X	0	0	0	0	X	0	0	0	0	0
d) Performing past due exposures	2	0	1	X	0	1	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	85,878	85,835	0	X	0	0	0	0	X	0	85,878	0
- of which: forborne exposures	0	0	0	X	0	0	0	0	X	0	0	0
TOTAL (A)	**1,640,184**	**1,640,136**	**1**	**3**	**0**	**2**	**0**	**0**	**1**	**0**	**1,640,182**	**0**
B. OFF-BALANCE SHEET CREDIT EXPOSURES												
a) Non-performing	0	X	0	0	0	0	X	0	0	0	0	0
b) Performing	176,182	26,252	0	X	0	0	0	0	X	0	176,182	0
TOTAL (B)	**176,182**	**26,252**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**176,182**	**0**
TOTAL (A+B)	**1,816,366**	**1,666,388**	**1**	**3**	**0**	**2**	**0**	**0**	**1**	**0**	**1,816,364**	**0**

** 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	175,908	X	X	172,794	3,114	96,343	X	X	94,804	1,539	79,565	36,752
- of which: forborne exposures	44,548	X	X	41,902	2,646	25,824	X	X	24,390	1,435	18,724	2,484
b) Unlikely to pay	181,932	X	X	177,214	4,718	64,198	X	X	61,499	2,699	117,734	2
- of which: forborne exposures	103,357	X	X	100,065	3,291	35,316	X	X	33,904	1,412	68,041	0
c) Non-performing past due exposures	29,923	X	X	29,828	95	6,218	X	X	6,186	33	23,705	0
- of which: forborne exposures	1,393	X	X	1,347	46	333	X	X	311	21	1,060	0
d) Performing past due exposures	102,562	26,368	74,837	X	302	4,914	142	4,598	X	17	97,648	0
- of which: forborne exposures	23,818	244	23,388	X	186	2,092	24	2,053	X	15	21,726	0
e) Other performing exposures	10,911,136	10,082,223	796,828	X	8,486	58,374	15,998	42,013	X	363	10,852,762	0
- of which: forborne exposures	383,637	484	380,243	X	2,889	25,999	34	25,778	X	186	357,638	0
TOTAL (A)	**11,401,461**	**10,108,591**	**871,665**	**379,836**	**16,715**	**230,047**	**16,140**	**46,611**	**162,489**	**4,651**	**11,171,414**	**36,754**
B. OFF-BALANCE SHEET CREDIT EXPOSURES												
a) Non-performing	10,534	X	X	10,534	0	3,941	X	X	3,941	0	6,593	0
b) Performing	1,677,301	1,621,475	28,034	X	0	1,306	809	497	X	0	1,675,995	0
TOTAL (B)	**1,687,835**	**1,621,475**	**28,034**	**10,534**	**0**	**5,247**	**809**	**497**	**3,941**	**0**	**1,682,588**	0
TOTAL (A+B)	**13,089,296**	**11,730,066**	**899,699**	**390,370**	**16,715**	**235,294**	**16,949**	**47,108**	**166,430**	**4,651**	**12,854,002**	**36,754**

* *Value to be presented for disclosure purposes*

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:	**8,712**	**X**	**0**	**7,902**	**810**	**4,167**	**X**	**0**	**3,875**	**292**	**4,545**	1
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	8,712	X	0	7,902	810	4,167	X	0	3,875	292	4,545	1
B. Unlikely to Pay Loans:	**16,659**	**X**	**0**	**16,446**	**213**	**4,533**	**X**	**0**	**4,434**	**99**	**12,126**	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	271	X	0	271	0	36	X	0	36	0	235	0
c) Subject to other forbearance measures	0	X	0	0	0	0	X	0	0	0	0	0
d) New loans	16,388	X	0	16,175	213	4,497	X	0	4,398	99	11,891	0
C. Non-performing past due loans:	**3,958**	**X**	**0**	**3,910**	**48**	**1,058**	**X**	**0**	**1,047**	**11**	**2,900**	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	3,958	X	0	3,910	48	1,058	X	0	1,047	11	2,900	0
D. Other performing past due loans:	**18,235**	**9,511**	**8,611**	**X**	**113**	**173**	**26**	**145**	**X**	**2**	**18,062**	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	0	0	0	X	0	0	0	0	X	0	0	0
c) Subject to other forbearance measures	0	0	0	X	0	0	0	0	X	0	0	0
d) New loans	18,235	9,511	8,611	X	113	173	26	145	X	2	18,062	0
E. Other performing loans:	**811,194**	**731,800**	**79,023**	**X**	**371**	**3,320**	**752**	**2,566**	**X**	**2**	**807,874**	0
a) Forborne exposures compliant with the GL	391	187	204	X	0	13	0	13	X	0	378	0
b) Subject to moratorium measures in place no longer compliant with the GL and not assessed as subject to forbearance	3,030	0	3,030	X	0	199	0	199	X	0	2,831	0
c) Subject to other forbearance measures	0	0	0	X	0	0	0	0	X	0	0	0
d) New loans	807,773	731,613	75,789	X	371	3,108	752	2,354	X	2	804,665	0
TOTAL (A+B+C+D+E)	**858,758**	**741,311**	**87,634**	**28,258**	**1,555**	**13,251**	**778**	**2,711**	**9,356**	**406**	**845,507**	**1**

A.1.6 Consolidato prudenziale – Esposizioni creditizie per cassa verso banche: dinamica delle esposizioni deteriorate lorde Causali/Categorie	Sofferenze	Inadempienze probabili	Esposizioni scadute deteriorate
A. Gross exposure, opening balance	**0**	**1**	**0**
- of which: transferred but not derecognised	0	0	0
B. Increases	**0**	**0**	**3**
B.1 transfers from performing loans	0	0	3
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	0	0
C. Decreases	**0**	**1**	**0**
C.1 transfers to performing loans	0	1	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	0
D. Gross exposure, closing balance	**0**	**0**	**3**
- 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 EXPOSURES Source/Categories	Bad loans	Unlikely to pay	Non-performing past due exposures
A. Gross exposure, opening balance	**216,700**	**266,650**	**18,020**
- of which: transferred but not derecognised	30,578	25,895	5,399
B. Increases	**167,768**	**180,309**	**75,984**
B.1 transfers from performing loans	1,384	109,602	65,396
B.2 transfers from purchased or originated credit impaired financial assets	121	1,193	160
B.3 transfers from other categories of non-performing exposures	160,529	52,414	3,123
B.4 contractual changes without derecognition	0	0	0
B.5 other increases	5,734	17,100	7,305
C. Decreases	**208,560**	**265,027**	**64,081**
C.1 transfers to performing loans	153	12,860	4,102
C.2 write-offs	137,399	50,313	0
C.3 collections	70,020	36,690	7,542
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	677	163,504	51,885
C.7 Contractual changes without derecognition	0	0	0
C.8 other decreases	311	1,660	552
D. Gross exposure, closing balance	**175,908**	**181,932**	**29,923**
- of which: transferred but not derecognised	37,845	40,901	9,545

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	**201,142**	**550,354**
- of which: transferred but not derecognised	16,043	241,046
B. Increases	**41,386**	**21,920**
B.1 transfers from performing loans not forborne	2,623	4,044
B.2 transfers from performing loans forborne	25,585	X
B.3 transfers from non-performing loans forborne	X	10,997
B.4 transfers from non-performing loans not forborne	3,753	0
B.5 other increases	9,425	6,879
C. Decreases	**93,230**	**164,819**
C.1 transfers to performing loans not forborne	X	68,370
C.2 transfers to performing loans forborne	10,997	X
C.3 transfers to non-performing loans forborne	X	25,585
C.4 write-offs	49,480	
C.5 collections	32,712	70,862
C.6 amount realised upon disposal of positions	0	0
C.7 losses on disposal	0	0
C.8 other decreases	41	2
D. Gross exposure, closing balance	**149,298**	**407,455**
- of which: transferred but not derecognised	36,218	194,663

A.1.8 PRUDENTIAL CONSOLIDATION - BALANCE SHEET NON-PERFORMING CREDIT EXPOSURES TO BANKS: CHANGES IN OVERALL VALUE ADJUSTMENTS	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	**0**	**0**	**0**	**0**	**0**	**0**
- of which: transferred but not derecognised	0	0	0	0	0	0
B. Increases	**0**	**0**	**0**	**0**	**1**	**0**
B.1 value adjustments purchased or originated credit impaired assets	0	X	0	X	0	X
B.2 other value adjustments	0	0	0	0	0	0
B.3 losses on disposal	0	0	0	0	0	0
B.4 transfers from other categories of non-performing exposures	0	0	0	0	0	0
B.5 contractual changes without derecognition	0	0	0	0	0	0
B.6 other increases	0	0	0	0	1	0
C. Decreases	**0**	**0**	**0**	**0**	**0**	**0**
C.1 write-backs from valuation	0	0	0	0	0	0
C.2 write-backs from collection	0	0	0	0	0	0
C.3 gains on disposal	0	0	0	0	0	0
C.4 write-offs	0	0	0	0	0	0
C.6 transfers to other categories of non-performing exposures	0	0	0	0	0	0
C.6 contractual changes without derecognition	0	0	0	0	0	0
C.7 other decreases	0	0	0	0		0
D. Closing balance of overall adjustments	**0**	**0**	**0**	**0**	**1**	**0**
- of which: transferred but not derecognised	0	0	0	0	0	0

A.1.9 PRUDENTIAL CONSOLIDATION - BALANCE SHEET NON-PERFORMING CREDIT EXPOSURES TO CUSTOMERS: CHANGES IN OVERALL VALUE ADJUSTMENTS	Bad loans		Unlikely to pay		Non-performing past due exposures	
Source/Categories	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening balance of overall adjustments	**131,329**	**30,214**	**109,151**	**61,618**	**3,510**	**381**
- of which: transferred but not derecognised	11,726	1,075	5,139	2764	697	74
B. Increases	**117,653**	**47,395**	**80,037**	**14,805**	**5,858**	**438**
B.1 value adjustments purchased or originated credit impaired assets	182	X	990	X	33	X
B.2 other value adjustments	34,197	4,205	29,081	14,585	5,232	343
B.3 losses on disposal	24,938	13,093	33,956	0	0	0
B.4 transfers from other categories of non-performing exposures	58,315	30,097	1,625	220	462	95
B.5 contractual changes without derecognition	0	X	0	X	0	X
B.6 other increases	21	0	14,385	0	131	0
C. Decreases	**152,639**	**51,785**	**124,990**	**41,107**	**3,150**	**486**
C.1 write-backs from valuation	7,341	1,115	9,411	6,050	921	87
C.2 write-backs from collection	7,656	1,190	6,888	4,936	430	108
C.3 gains on disposal	0	0	0	0	0	0
C.4 write-offs	137,399	49,480	50,313	0	0	0
C.6 transfers to other categories of non-performing exposures	243	0	58,378	30,121	1,781	291
C.6 contractual changes without derecognition	0	X	0	X	0	X
C.7 other decreases	0	0	0	0	18	0
D. Closing balance of overall adjustments	**96,343**	**25,824**	**64,198**	**35,316**	**6,218**	**333**
- of which: transferred but not derecognised	15,232	4,911	8,320	5,554	1,547	91

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	**710**	**667**	**2,461,451**	**22,977**	**0**	**0**	**7,966,098**	**10,468,618**
- Stage 1	710	667	2,461,451	22,977	0	0	6,722,546	9,208,351
- Stage 2	0	0	0	0	0	0	871,454	871,454
- Stage 3	0	0	0	0	0	0	372,098	372,098
- purchased or originated credit impaired	0	0	0	0	0	0	16,715	16,715
B. Financial assets measured at fair value through other comprehensive income	**102**	**82**	**952,643**	**0**	**0**	**0**	**41,201**	**994,028**
- Stage 1	102	82	952,643	0	0	0	33,248	986,075
- Stage 2	0	0	0	0	0	0	212	212
- Stage 3	0	0	0	0	0	0	7,741	7,741
- purchased or originated credit impaired	0	0	0	0	0	0	0	0
C. Financial assets held for sale	**0**	**0**	**0**	**0**	**0**	**0**	**3,987**	**3,987**
- Stage 1	0	0	0	0	0	0	3,987	3,987
- Stage 2	0	0	0	0	0	0	0	0
- Stage 3	0	0	0	0	0	0	0	0
- purchased or originated credit impaired	0	0	0	0	0	0	0	0
Total (A+B+C)	**812**	**749**	**3,414,094**	**22,977**	**0**	**0**	**8,011,286**	**11,466,633**
of which: purchased or originated credit impaired financial assets								
D. Commitments to disburse funds and financial guarantees given	243	205	1	0	0	0	1,539,594	1,540,043
- Stage 1	0	0	0	0	0	0	24,487	24,487
- Stage 2	0	0	0	0	0	0	6,477	6,477
- Stage 3	0	0	0	0	0	0	0	0
- purchased or originated credit impaired	**243**	**205**	**1**	**0**	**0**	**0**	**1,570,558**	**1,571,007**
Total (D)	**1,055**	**954**	**3,414,095**	**22,977**	**0**	**0**	**9,581,844**	**13,037,640**
Total (A+B+C+D)	**710**	**667**	**2,461,451**	**22,977**	**0**	**0**	**7,966,098**	**10,468,618**

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

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	**659,332**	**801,878**	**985,1**	**1,098,257**	**1,082,267**	**754,15**
- Stage 1	658,642	798,856	977,887	1,090,762	1,066,805	685,563
- Stage 2	690	2,797	6,652	7,236	14,549	64,811
- Stage 3	0	0	0	0	0	0
- purchased or originated credit impaired		225	561	259	913	3,776
B. Financial assets measured at fair value through other comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**
- 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	**0**	**0**	**0**	**0**	**0**	**0**
- 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
Total (A+B+C)	**659,332**	**801,878**	**985,1**	**1,098,257**	**1,082,267**	**754,15**
D. Commitments to disburse funds and financial guarantees given	**519,845**	**276,152**	**258,256**	**182,59**	**131,018**	**112,925**
- Stage 1	519,754	275,862	258,139	181,356	130,152	111,339
- Stage 2	91	290	117	1,234	866	1,586
- Stage 3	0	0	0	0	0	0
- purchased or originated credit impaired	0	0	0	0	0	0
Total (D)	**519,845**	**276,152**	**258,256**	**182,59**	**131,018**	**112,925**
Total (A+B+C+D)	**1,179,177**	**1,078,030**	**1,243,356**	**1,280,847**	**1,213,285**	**867,075**

(Continued)

Internal rating classes						Total
class 7	class 8	class 9	class 10	class 11	no rating	
459,978	**318,138**	**164,004**	**130,976**	**364,154**	**3,650,384**	**10,468,618**
229,160	164,470	19,250	441	0	3,516,515	9,208,351
230,269	152,546	143,562	130,344	0	117,998	871,454
0	0	0	0	356,227	15,871	372,098
549	1,122	1,192	191	7,927	0	16,715
0	**0**	**0**	**0**	**0**	**994,028**	**994,028**
0	0	0	0	0	986,075	986,075
0	0	0	0	0	212	212
0	0	0	0	0	7,741	7,741
0	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**3,987**	**3,987**
0	0	0	0	0	3,987	3,987
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
459,978	**318,138**	**164,004**	**130,976**	**364,154**	**4,648,399**	**11,466,633**
32,979	**12,297**	**5,064**	**2,925**	**6,212**	**30,744**	**1,571,007**
28,860	5,583	1,028	0	0	27,970	1,540,043
4,119	6,714	4,036	2,925	0	2,509	24,487
0	0	0	0	6,212	265	6,477
0	0	0	0	0	0	0
32,979	**12,297**	**5,064**	**2,925**	**6,212**	**30,744**	**1,571,007**
492,957	**330,435**	**169,068**	**133,901**	**370,366**	**4,679,143**	**13,037,640**

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:	6,903,042	6,701,241	3,651,230	0	96,997	38,082	**0**	**0**
1.1 totally secured	6,281,522	6,112,603	3,622,964	0	71,043	35,945	0	0
- of which non-performing	299,250	183,893	139,019	0	821	358	0	0
1.2 partially secured	621,520	588,638	28,266	0	25,954	2,137	0	0
- of which non-performing	50,872	19,947	9,173	0	259	17	0	0
2. Secured off-balance sheet credit exposures:	622,165	618,764	9,556	0	20,311	14,873	**0**	**0**
2.1 totally secured	451,372	448,303	9,466	0	10,434	12,637	0	0
- of which non-performing	5,192	2,836	159	0	21	759	0	0
2.2 partially secured	170,793	170,461	90	0	9,877	2,236	0	0
- of which non-performing	1685	1489	0	0	291	22	0	0

(Continued)

	Personal guarantees (2)							Total (1)+(2)
	Credit derivatives			Signature loans				
	Other derivatives							
	Banks	Other financial	Other entities	Public administration	Banks	Other financial companies	Other entities	
1. Secured balance sheet credit exposures:	**0**	**0**	**0**	1,177,268	36	935,746	675,968	6,575,327
1.1 totally secured	0	0	0	813,541	36	933,163	632,045	6,108,737
- of which non-performing	0	0	0	12,331	0	21221	10,093	183,843
1.2 partially secured	0	0	0	363,727	0	2,583	43,923	466,590
- of which non-performing	0	0	0	6,364	0	397	1,362	17,572
2. Secured off-balance sheet credit exposures:	**0**	**0**	**0**	98,269	0	13,579	414,755	571,343
2.1 totally secured	0	0	0	55,967	0	8,011	351,774	448,289
- of which non-performing	0	0	0	278	0	203	1,416	2,836
2.2 partially secured	0	0	0	42,302	0	5568	62,981	123,054
- of which non-performing	0	0	0	1010	0	0	13	1,336

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	252	134	21	44	0	0
- of which: forborne exposures	0	0	0	0	0	0
A.2 Unlikely to pay	168	47	216	66	0	9
- of which: forborne exposures	0	0	209	55	0	0
A.3 Non-performing past due exposures	2,022	845	2,157	936	0	0
- of which: forborne exposures	0	0	0	0	0	0
A.4 Performing exposures	3,473,303	1,442	307,426	1,873	4,059	77
- of which: forborne exposures	0	0	2,242	137	0	0
Total (A)	**3,475,745**	**2,468**	**309,820**	**2,919**	**4,059**	**86**
B. Off-balance sheet credit exposures						
B.1 Non-performing exposures	0	0	0	0	0	0
B.2 Performing exposures	189,075	3	71,632	33	10	0
Total (B)	**189,075**	**3**	**71,632**	**33**	**10**	**0**
Total (A+B) 2022	**3,664,820**	**2,471**	**381,452**	**2,952**	**4,069**	**86**
Total (A+B) 2021	**2,978,896**	**3,029**	**301,093**	**2,452**	**5,969**	**101**

(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	38,397	55,719	40,895	40,446
- of which: forborne exposures	10,095	18,273	8,629	7,551
A.2 Unlikely to pay	61,883	46,974	55,467	17,111
- of which: forborne exposures	40,539	27,039	27,293	8,222
A.3 Non-performing past due exposures	3,184	1,226	16,342	3,211
- of which: forborne exposures	537	182	523	151
A.4 Performing exposures	2,595,498	31,579	4,574,183	28,394
- of which: forborne exposures	245,740	18,333	131,382	9,621
Total (A)	**2,698,962**	**135,498**	**4,686,887**	**89,162**
B. Off-balance sheet credit exposures				
B.1 Non-performing exposures	6,064	3,808	529	133
B.2 Performing exposures	1,163,059	770	252,229	500
Total (B)	**1,169,123**	**4,578**	**252,758**	**633**
Total (A+B) 2022	**3,868,085**	**140,076**	**4,939,645**	**89,795**
Total (A+B) 2021	**3,944,292**	**192,454**	**4,499,224**	**112,278**

B.2 PRUDENTIAL CONSOLIDATION - BREAKDOWN OF BALANCE SHEET AND OFF-BALANCE SHEET CREDIT 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	78,746	95,933	819	410	0	0	0	0	0	0
A.2 Unlikely to pay	117,573	64,165	16	7	0	0	145	26	0	0
A.3 Non-performing past due exposures	23,679	6,215	26	3	0	0	0	0	0	0
A.4 Performing exposures	10,514,350	62,823	435,257	465	323	0	70	0	410	0
Total (A)	**10,734,348**	**229,136**	**436,118**	**885**	**323**	**0**	**215**	**26**	**410**	**0**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	6,593	3,941	0	0	0	0	0	0	0	0
B.2 Performing exposures	1,645,420	1,306	28,746	0	1,008	0	33	0	788	0
Total (B)	**1,652,013**	**5,247**	**28,746**	**0**	**1,008**	**0**	**33**	**0**	**788**	**0**
Total (A+B) 2022	**12,386,361**	**234,383**	**464,864**	**885**	**1,331**	**0**	**248**	**26**	**1,198**	**0**
Total (A+B) 2021	**11,389,769**	**309,032**	**331,864**	**1,154**	**1,138**	**0**	**276**	**27**	**458**	**0**

B.2 PRUDENTIAL CONSOLIDATION - BREAKDOWN OF BALANCE SHEET AND OFF-BALANCE SHEET CREDIT 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	74,181	90,606	1,340	1,538	1,138	1,602	2,087	2,187
A.2 Unlikely to pay	106,516	60,006	3,576	712	3,643	1,154	3,838	2,293
A.3 Non-performing past due exposures	16,185	5,030	1,749	197	1,530	215	4,215	773
A.4 Performing exposures	6,410,375	58,020	338,876	1,162	3,440,371	2,835	324,728	806
Total (A)	**6,607,257**	**213,662**	**345,541**	**3,609**	**3,446,682**	**5,806**	**334,868**	**6,059**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	5,915	3,759	506	4	41	128	131	50
B.2 Performing exposures	1,569,413	1,233	34,503	25	35,813	45	5,691	3
Total (B)	**1,575,328**	**4,992**	**35,009**	**29**	**35,854**	**173**	**5,822**	**53**
Total (A+B) 2022	**8,182,585**	**218,654**	**380,550**	**3,638**	**3,482,536**	**5,979**	**340,690**	**6,112**
Total (A+B) 2021	**8,077,940**	**292,099**	**267,079**	**4,265**	**2,792,039**	**6,040**	**252,711**	**6,628**

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	0	0	0	0	0	0	0	0	0	0
A.3 Non-performing past due exposures	2	1	0	0	0	0	0	0	0	0
A.4 Performing exposures	1,628,959	1	8,713		2,226		281		1	0
Total (A)	**1,628,961**	**2**	**8,713**	**0**	**2,226**	**0**	**281**	**0**	**1**	**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	27,313	0	148,869	0	0	0	0	0	0	0
Total (B)	**27,313**	**0**	**148,869**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total (A+B) 2022	**1,656,274**	**2**	**157,582**	**0**	**2,226**	**0**	**281**	**0**	**1**	**0**
Total (A+B) 2021	**3,001,167**	**4**	**34,871**	**0**	**2,307**	**0**	**63**	**0**	**306**	**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	0	0
A.3 Non-performing past due exposures	1	0	0	0	1	1	0	0
A.4 Performing exposures	1,542,329	1	48	0	86,569	0	13	0
Total (A)	**1,542,330**	**1**	**48**	**0**	**86,570**	**1**	**13**	**0**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	0	0	0	0	0	0	0	0
B.2 Performing exposures	27,267	0	0	0	46	0	0	0
Total (B)	**27,267**	**0**	**0**	**0**	**46**	**0**	**0**	**0**
Total (A+B) 2022	**1,569,597**	**1**	**48**	**0**	**86,616**	**1**	**13**	**0**
Total (A+B) 2021	**50,552**	**2**	**14**	**0**	**2,950,600**	**2**	**1**	**0**

B.4 LARGE EXPOSURES	2022 - Cassa di Risparmio di Asti S.p.A. Group Consolidation
Number of positions	7
Amount (nominal value)	7,152,316
Amount (weighted value)	679,929

The large risks reported to the Bank of Italy consist of:

- exposures to the Italian State relating to the nominal value of € 3,689,999 thousand in securities held in the portfolio and DTA, with an overall weighting of € 172,840 thousand;
- exposures to credit institutions, financial institutions and SGRs (asset management companies) for a nominal amount of € 1,210,315 thousand, with an overall weighting of € 111,266 thousand;
- exposure to other state administrations for a nominal amount of € 408,310 thousand and with a weighting of € 170,823 thousand;
- exposure to the Bank of Italy for a nominal amount of € 1,843,692 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 performing 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 Article 4 of the measure issued by the Bank of Italy on 29/04/2011 at no. 35012.4; the fifth transaction, 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 Article 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 Article 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 vehicle company named Asti Group RMBS III S.r.l., having its registered office in Rome, Via Curtatone no. 3, enrolled in the Rome Companies Register no. 16326891005 and enrolled in the List of securitisation vehicle companies established at the Bank of Italy, pursuant to Article 4 of the provision issued on 29/04/2011, under no. 35845.7 (all hereinafter referred to as SPVs).

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 Article 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 Article 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 Article 4 of the Measure issued on 29/04/2011 at no. 35584.2. The eighth transaction (self-securitisation), for which the Bank subscribed all liabilities issued at the time of issue, is not described in this part. For a description of this transaction, 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, before the merger, between Biverbanca 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.

Since the risks/benefits of the aforementioned 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.

In 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 Article 58 of Italian Legislative Decree 385/1993 and Articles 1 and 4 of Italian Law 130/1999 on securitisation, finalised 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 35852.3.

During the course of 2022, Cassa di Risparmio di Asti S.p.A., pursuant to Article 58 of Italian Legislative Decree 385/1993 and Italian Law 130/1999 on securitisation, finalised a non-recourse transfer of a portfolio of bad loans to the special purpose vehicle BCC NPLs 2022 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, under no. 35897.8 and a non-recourse sale transaction of a portfolio of loans classified as non-performing to the special purpose vehicle Luzzatti POP NPLs 2022 S.r.l. with registered office in Conegliano (TV), Via Vittorio Alfieri 1, 31015 registered in the list of special purpose vehicles kept by the Bank of Italy pursuant to the provision of the Governor of the Bank of Italy of 7 June 2017, effective as of 30 June 2017, under no. 35986.9.

The company Pitagora Finanziamenti Contro Cessione del Quinto S.p.A. has carried out nine securitisation transactions on salary and pension assignment loans.
The first transaction (closed during 2021) 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.
The eighth transaction was concluded with the special purpose vehicle Giorgia 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. 05336020267, registered in the list of special purpose vehicles established at the Bank of Italy at no. 35929.9.
The ninth transaction was concluded with the special purpose vehicle AIDA 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. 05356240266, registered in the list of special purpose vehicles established at the Bank of Italy at no. 35985.1.

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 first, second, third and sixth transactions referring to the subsidiary Pitagora S.p.A., which closed in 2021 (the first), 2017 (the second) and 2019 (the third and sixth).

Details on the transactions carried out by the Group are provided below.

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. In this third transaction, the SPV engaged Cassa di Risparmio di Asti S.p.A. 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 31/12/2022 S&P/Moody's*	Rate	Date of issue	Expected maturity date	Value of issue	Amount Repaid as at 31/12/2022	Residual Value as at 31/12/2022	Notes repurchased and owned by the Bank as at 31/12/2022 (nominal value)
Class A	AA/Aa3	3M Euribor + 0.60%	17/11/2010	27/5/2052	427,000	416,560	10,440	0
Class B	no rating	3M Euribor + 2.00% (*)	17/11/2010	27/5/2052	46,400	0	46,400	46,400
Total					**473,400**	**416,560**	**56,840**	**46,400**

(*) 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 31/12/2022, 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 31/12/2022, to:
- notes repurchased (accounting balance) € 46,400 thousand;
- receivable from the SPV for loan with limited enforceability (Cash Reserve) € 3.357 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 Intesa San Paolo 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; Banca Intesa San Paolo 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 € 65.398 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	1,185	interest expense on notes issued	1,018
other revenues	3	interest expense on derivative contract	87
		servicing fee expense	61
		other interest expense	114
		other expenses	211
		losses on loans	1,284
Total	**1,188**	**Total**	**2,775**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 3.807 thousand in overall value adjustments on the principal. The receivables for interest on arrears on bad loans amount to € 1.122 thousand and have been written off in full. Interest income on repurchased notes, amounting to roughly € 939 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 € 3,313 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 € 3,313 thousand in capital losses, as well as interest income of € 87 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* 31/12/2022 *S&P/Fitch*	Rate	Date of issue	Expected maturity date	Value of issue	Amount Repaid as at 31/12/2022	Residual Value as at 31/12/2022	Notes repurchased and owned by the Bank as at 31/12/2022 (nominal value)
Class A	AA/AA	3M Euribor + 1.25% (*)	21/12/2012	27/12/2060	411,000	373,986	37,014	0
Class B	no rating	3M Euribor + 1.50% (**)	21/12/2012	27/12/2060	87,900	0	87,900	87,900
Total					**498,900**	**373,986**	**124,914**	**87,900**

(*) 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 31/12/2022 it amounted to € 28,895 thousand.
As at 31/12/2022, 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 31/12/2022, 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 € 28.895 thousand.

The securitised loan assets were recognised in these financial statements under the item "Loans and advances to customers" in the amount of € 174.659 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	3,873	interest expense on notes issued	1,972
Bank interest income	37	servicing fee expense	170
		other interest expense	169
		other expenses	155
		losses on loans	1,560
Total	**3,910**	**Total**	**4,026**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 5.396 thousand in overall value adjustments on the principal.
The receivables for interest on arrears on bad loans amount to € 571 thousand and have been written off in full.
Interest income on repurchased notes, amounting to € 1.344 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 31/12/2022 Fitch/Moody's	Rate	Date of issue	Expected maturity date	Total amount issued	Total amount repaid as at 31/12/2022	Residual Value as at 31/12/2022	Notes repurchased and owned by the Bank as at 31/12/2022 (nominal value)
Class A	AA/Aa3	3M Euribor +0.90% (*)	12/8/2015	27/12/2074	456,600	442,344	14,256	0
Class B	no rating	3M Euribor + 1.00%	12/8/2015	27/12/2074	96,800	0	96,800	96,800
Total					**553,400**	**442,344**	**111,056**	**96,800**

(*) 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 31/12/2022 it amounted to € 50,141 thousand for Cassa di Risparmio di Asti S.p.A.
As at 31/12/2022, 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 € 175.189 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	5,223	interest expense on notes issued	1,417
Bank interest income	42	servicing fee expense	174
		other expenses	226
		losses on loans	345
Total	**5,265**	**Total**	**2,162**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 4.767 thousand in overall value adjustments on the principal.
The receivables for interest on arrears on bad loans amount to € 662 thousand and have been written off in full.
Interest income on repurchased notes, amounting to € 990 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 Article 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 31/12/2022 Moody's/ DBRS	Rate	Date of issue	Expected maturity date	Total issue value	Total amount repaid as at 31/12/2022	Total residual value as at 31/12/2022	Notes repurchased and owned by the Bank as at 31/12/2022 (nominal value)
Class A	Aa3/AAA	3M Euribor +0.90% (*)	28/6/2019	29/12/2072	825,000	389,259	435,741	0
Class B	NR/AA (low)	3M Euribor + 2.00% (**)	28/6/2019	29/12/2072	64,300	0	64,300	64,300
Class C	no rating	3M Euribor + 3.00%	28/6/2019	29/12/2072	98,708	0	98,708	98,708
Total					**988,008**	**389,259**	**598,749**	**163,008**

(*) 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 31/12/2022 it amounted to € 39,623 thousand for Cassa di Risparmio di Asti S.p.A.
As at 31/12/2022, 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 € 655.083 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	17,941	interest expense on notes issued	8,931
Bank interest	89	servicing fee expense	688
		losses on loans	100
		Other expenses	326
Total	**18,030**	**Total**	**10,045**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 7.116 thousand in overall value adjustments on the principal. Interest income on repurchased notes, amounting to € 4.311 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 C.R.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 31/12/2022 Moody's/DBRS	Rate	Date of issue	Expected maturity date	Amount issued in total	Total amount repaid as at 31/12/2022	Total residual value as at 31/12/2022	Notes repurchased and owned by the Bank as at 31/12/2022 (nominal value)
Class A	Aa3/AA	3M Euribor +0.70% (***)	2/12/2021	29/12/2082	523,100	79,631	443,469	138,271
Class A2 (*)	Aa3/AA	3M Euribor +0.70% (***)	2/12/2021	29/12/2082	759,500	0	316,006	316,006
Class J (**)	NO	Fixed 3%	02/12/2021	29/12/2082	217,400	0	142,131	142,131
Total					**1,500,000**	**79,631**	**901,606**	**596,408**

(*) 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 contract for a loan with limited enforceability of a maximum amount of € 19,239 thousand was entered into. At the issue date of the securities, an amount of € 7,848 thousand for cash reserve and € 50 thousand for operating expenses was disbursed. This loan will be disbursed up to the maximum amount for the entire ramp-up period, based on the amount of Class A2 Further Instalments issued from time to time.
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 calculated at each interest payment date (IPD) to the extent of 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 (a) 0.75% and (b) 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 repaid in full, the cash reserve will be reduced to zero. There is no interest rate hedging through swap transactions for this securitisation transaction.

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 31/12/2022, it amounts to € 10,341 thousand for Cassa di Risparmio di Asti S.p.A.
As at 31/12/2022, 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 € 905.608 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	17,513	interest expense on notes issued	8,023
Bank interest income	93	servicing fee expense	728
Other revenues	4	other expenses	329
Total	**17,610**	**Total**	**9,080**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 4.287 thousand in overall value adjustments on the principal. Interest income on repurchased notes, amounting to € 5.538 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 31/12/2022 Moody's/Scope/ DBRS	Rate	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2022	Total Residual amount as at 31/12/2022	Residual amount of notes repurchased and still owned by the Bank as at 31/12/2022
Class A	B2/B+/CCC	6M Euribor + 0.5% (*)	26/7/2018	25/7/2037	170,809	0.614	65,871	104,938	104,938
Class B	no rating	6M Euribor + 6% (**)	26/7/2018	25/7/2037	24,401	1.000	0	24,401	1,221
Class C	no rating	Variable	26/7/2018	25/7/2037	11,420	1.000	0	11,420	572
Total					**206,630**		**65,871**	**140,759**	**106,731**

(*) 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 € 2,377 thousand as at 31 December 2022. 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%.

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 31/12/2022 DBRS/Scope Ratings	Return	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2022	Total Residual amount as at 31/12/2022	Residual amount of notes repurchased and still owned by the Bank as at 31/12/2022
Class A	BBB/BBB-	6M Euribor + 0.30% (*)	23/12/2019	6/2/2045	173,000	0.649	60,702	112,298	11,034
Class B	CCC/CCC	6M Euribor + 9.50%	23/12/2019	6/2/2045	25,000	1.000	0	25,000	123
Class J	no rating	6M Euribor + 12.00%	23/12/2019	6/2/2045	5,000	1.000	0	5,000	25
Total					**203,000**		**60,702**	**142,298**	**11,182**

(*) 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 funded at the time of the issue of the notes, by a limited recourse loan disbursed by the transferors. The residual amount of the reserve as at 31 December 2022 is € 539 thousand. On 27 April 2020, the MEF released the state guarantee on liabilities issued (GACS) in favour of the holders of senior notes, obtained after submission of an application 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 31/12/2022 DBRS/Scope Ratings	Return	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2022	Total Residual amount as at 31/12/2022	Residual amount of notes repurchased and still owned by the Bank as at 31/12/2022
Class A	BBB/BBB	6M Euribor + 0.3% (*)	23/12/2020	29/12/2045	241,500	0.646	85,434	156,066	14940
Class B	CCC/CCC	6M Euribor + 12%	23/12/2020	29/12/2045	25,000	1.000	0	25,000	154
Class J	no rating	Variable	23/12/2020	29/12/2045	10,000	1.000	0	10,000	6
Total					**276,500**		**85,434**	**191,066**	**15,155**

(*) Cap equal to the Euribor

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. The residual amount of the cash reserve as at 31 December 2022 is € 670 thousand.
On 25 January 2021, the 'GACS' guarantee was obtained from the MEF in favour of the holders of the senior notes.

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 31/12/2022 Moody's/Scope/ARC Ratings	Return	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2022	Total Residual amount as at 31/12/2022	Residual amount of notes repurchased and still owned by the Bank as at 31/12/2022
Class A	Baa2/BBB/BBB	6M Euribor + 0.35% (*)	29/11/2021	30/4/2046	284,000	0.916	23,910	260,090	25,329
Class B	Caa2/CCC/CCC+	6M Euribor + 8%	29/11/2021	30/4/2046	39,500	1.000	0	39,500	192
Class J	no rating	Variable	29/11/2021	30/4/2046	13,000	1.000	0	13,000	63
Total					**336,500**		**23,910**	**312,590**	**25,584**

(*) Cap equal to the Euribor

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 by the transferors, amounting to around € 966 thousand for Cassa di Risparmio di Asti S.p.A.
On 10 June 2022, the 'GACS' guarantee was obtained from the MEF in favour of the holders of the senior notes.

INFORMATION RELATING TO THE LUZZATTI POP NPLS 2022 S.R.L. TRANSACTION

On 29 December 2022, Cassa di Risparmio di Asti S.p.A., along with a group of another fourteen other banks (defined as 'Transferors') finalised, pursuant to Law 130 of 30 April 1999 on securitisation, a non-recourse transfer for valuable consideration and en bloc of a portfolio of bad loans to the special purpose vehicle Luzzatti POP NPLs 2022 S.r.l., with registered office in Conegliano Veneto, 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. 35986.9.
In particular, a portfolio of credit positions originated by Cassa di Risparmio di Asti S.p.A. was transferred to the SPV, with a gross book value of € 78,838 thousand at the transfer date.

Against the acquisition of the above-mentioned loans, on 29 December 2022 POP NPLs 2022 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 31/12/2022 Moody's/ARC Ratings	Rate	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2022	Total Residual amount as at 31/12/2022	Residual amount of notes repurchased and still owned by the Bank as at 31/12/2022
Class A	Baa1/BBB+	Fixed 4%	29/12/2022	31/1/2042	118,250	1.000	0	118,250	19,726
Class B	No *rating*	6M Euribor + 10%	29/12/2022	31/1/2042	17,500	1.000	0	17,500	146
Class J	No *rating*	6M Euribor + 15%	29/12/2022	31/1/2042	3,000	1.000	0	3,000	25
Total					**138,750**		**0**	**138,750**	**19,897**

The notes were fully subscribed by the Transferring Banks and, also on 29 December 2022, 95% of the nominal value of the Mezzanine Notes and 95% of the nominal value of the Junior Notes were transferred to Intesa San Paolo S.p.A. for subsequent placement on the market.
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 € 4,736 million, equal to 4% of the senior notes, 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 some of the originator banks. The residual amount of the cash reserve as at 31 December 2022 is € 887 thousand.
As regards the GACS guarantee, the senior notes are eligible for this guarantee but on the basis of the Italian regulations in force at the date of the transaction, the guarantee cannot be requested.

INFORMATION RELATING TO THE BCC NPLS 2022 S.r.l. TRANSACTION

On 2 May 2022, Cassa di Risparmio di Asti S.p.A., along with a group of banks (defined as 'Transferors') finalised, pursuant to Law 130 of 30 April 1999 on securitisation, a non-recourse transfer for valuable consideration and en bloc of a portfolio of bad loans to the special purpose vehicle BCC NPLs 2022 S.r.l., with registered office in Conegliano Veneto, 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. 35897.8.
In particular, a portfolio of credit positions originated by Cassa di Risparmio di Asti S.p.A. was transferred to the SPV, with a gross book value of € 24,595 thousand at the transfer date. Against the acquisition of the above-mentioned loans, on 10 May 2022 BCC NPLs 2022 S.r.l. issued the following classes of notes pursuant to and in accordance with Article 5 of Italian Law 130/1999:

Type of Note	*Rating* as at 31/12/2022 Moody's/ARC Ratings	Rate	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2022	Total Residual amount as at 31/12/2022	Residual amount of notes repurchased and still owned by the Bank as at 31/12/2022
Class A	Baa1/BBB	6M Euribor +0.35%	10/5/2022	31/1/2047	142,000	1.000	0	142,000	4,940
Class B	No rating	6M Euribor + 9.5%	10/5/2022	31/1/2047	19,500	1.000	0	19,500	34
Class J	No rating	Fixed 15%	10/5/2022	31/1/2047	6,500	1.000	0	6,500	11
Total					**168,000**		**0**	**168,000**	**4,985**

The notes were subscribed in full by the Transferring Banks and, also on 10 May 2022, 94.22% of the nominal value of the Mezzanine Notes and 94.23% of the nominal value of the Junior Notes was transferred to Bayview Global Opportunities Fund.
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 the transaction, the SPV entered into two derivative contracts with third-party operators independent of the originator Banks to hedge the interest rate risk pertaining to the basic scope of the securities.

The structure also benefits from a cash reserve equal to € 4.6 million, 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 some of the originator banks. The residual amount of the cash reserve as at 31 December 2022 is € 160 thousand.

On 10 June 2022, the 'GACS' guarantee was obtained from the MEF in favour of holders of the senior notes.

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.

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. 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 transaction was agreed with the investor aimed at extending the *ramp-up* period until December 2023.
In June 2022, a restructuring of the transaction was agreed with the investor in order to replace the senior single note with 2 different classes of Senior and Junior Notes which, at the issue date, were fully subscribed by Banca Popolare di Puglia and Basilicata:

- size of the new 'Senior Notes' at € 243,000,000.00 with an interest rate of '0.30% + Euribor 1 M';
- size of the new 'Junior Notes' at € 27,000,000.00 with an interest rate of '6.00% + Euribor 1 M'.

In August 2022, a further contractual amendment was signed in order to:

- change the interest rate of the Senior Notes to '0.70% + Euribor 1 M';
- to repay at each IPD only 80% of the value of the interest of the Junior Notes accrued and not yet paid.

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.

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 transaction was agreed with the investor aimed at extending the *ramp-up* period until December 2023.
In June 2022, a restructuring of the transaction was agreed with the investor in order to replace the senior single note with 2 different classes of Senior and Junior Notes which, at the issue date, were fully subscribed by Banca Popolare di Puglia and Basilicata:

- size of the new 'Senior Notes' at € 243,000,000.00 with an interest rate of '0.30% + Euribor 1 M';
- size of the new 'Junior Notes' at € 27,000,000.00 with an interest rate of '6.00% + Euribor 1 M'.

In August 2022, a further contractual amendment was signed in order to:

- change the interest rate of the Senior Notes to '0.70% + Euribor 1 M';
- to repay at each IPD only 80% of the value of the interest of the Junior Notes accrued and not yet paid.

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.

INFORMATION RELATING TO THE GIORGIA TRANSACTION

On 22 July 2022, the company entered into a new non-recourse monthly loan transfer agreement with the special purpose vehicle GIORGIA SPV S.r.l., as part of a new securitisation transaction with de-recognition pursuant to Italian Law 130, structured by Banca Popolare di Bari, with no notes tranching.
The total maximum value of the notes that may be issued is € 320 million, with a 5-year ramp-up period., i.e. until 27 December 2027. The notes have a “partly paid” structure and were subscribed in full by Banca Popolare di Bari.
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. The purchase price is above par.
Overall during 2022, loans amounting to a total of € 74,945,236.04 in principal terms were transferred.
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 GIORGIA SPV Srl at the collection custodian bank.

INFORMATION RELATING TO THE AIDA TRANSACTION

On 7 December 2022, the company entered into a new non-recourse monthly loan transfer agreement with the special purpose vehicle AIDA SPV S.r.l., as part of a new securitisation transaction without derecognition, for a total maximum value of € 320 million of nominal value of the notes, with a 2-year ramp-up period, until 27 February 2024.
The transaction refers to the assignment of performing CQS/CQP/DEL/TFS exposures (consumer credit segment). The loans were transferred at par.
Overall during 2022, loans amounting to a total € 115,055,462.59 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 two classes:

- 82.06% 'Senior' Notes (Class A Asset Backed) for a nominal value of € 260,000,000.00;
- 17.94% 'Junior' Notes (Class J Asset Backed) for a nominal value of € 60,000,000.00.

At the issue date, the Senior notes were entirely subscribed by Banca Popolare di Bari, while the 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 AIDA 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	**35,291**	**53,609**	**365**	**0**	**0**	**0**
2022 GACS securitisation	35,291	53,609	0	0	0	0
securities connected to the Luzzati NPLs 2022 securitisation transaction	19,449	282	39	0	0	0
securities connected to the Maggese securitisation transaction	0	0	252	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	28	0	0	0
securities connected to the Pop NPLs 2021 securitisation transaction	0	0	57	0	0	0
securities connected to the Pop NPLs 2022 securitisation transaction	0	0	9	0	0	0
B. Subject of partial write-off	**0**	**0**	**0**	**0**	**0**	**0**
C. Not derecognised	**2,283,275**	**25,373**	**25,736**	**0**	**50,328**	**0**
- performing mortgage loans	1,897,713	11,581	0	0	0	0
- non-performing mortgage loans	33,464	13,792	0	0	0	0
- salary and pension assignment loans	352,098	0	25,736	0	50,328	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
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	11,939	347	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	65,320	0	10,300	10,440	0	46,400
Asti RMBS S.r.l.	Rome	Yes	174,047	0	10,632	37,014	0	87,900
Asti GROUP RMBS S.r.l.	Rome	Yes	174,374	0	10,944	14,256	0	96,800
Asti GROUP PMI S.r.l. (*)	Rome	Yes	1,124,931	0	131,683	700,000	0	485,339
Asti GROUP RMBS II S.r.l.	Rome	Yes	651,330	0	22,134	435,741	64,300	98,708
Asti GROUP RMBS III S.r.l. (*)	Rome	Yes	903,579	0	23,691	443,469	316,006	142,131
Maggese S.r.l.	Rome	No	111,300	5,485	5,866	104,938	27,149	11,432
POP NPLS 2019 S.r.l.	Conegliano (TV)	No	88,359	0	0	112,298	6,520	611
POP NPLs 2020 S.r.l.	Rome	No						
BCC NPLs 2021 S.r.l.	Conegliano (TV)	No	265,080	0	0	260,090	12,272	590
BCC NPLs 2022 S.r.l.	Conegliano (TV)	No	138,564	0	0	142,000	4,137	0
Luzzatti POP NPLs 2022	Conegliano (TV)	No	98,835	0	0	118,250	4,632	12
MANU SPV SRL	CONEGLIANO	YES	325,118	0	11,356	275,439	27,312	30,746
DYRET SPV SRL	MILAN	NO	129,787	0	6,481	109,739	14,132	21,592

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 2022. The details of the senior tranche are provided below:

Note	Listing Market	Rate/ Spread	Rating as at 31/12/2022 Moody's/Scope/ DBRS	Final repayment date	Total amount issued	Residual amount of notes repurchased and still owned as at 31/12/2022	Subscriber
Senior	Unlisted	6M Euribor + 0.5%	B2/CCC	July 2037	170,809	104,938	Cassa di Risparmio di Asti S.p.A.
Total					170,809	104,938	

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.

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 31/12/2022 DBRS/Scope Ratings	Final repayment date	Nominal value issued	Residual amount of notes repurchased and still owned as at 31/12/2022	Subscriber
Senior	Unlisted	6M Euribor + 0.30%	BBB/BBB-	February 2045	173,000	11,034	Cassa di Risparmio di Asti S.p.A.
Total					173,000	11,034	

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 for the guarantee (GACS) was obtained by the Ministry of Economy and Finance on 25 January 2021.

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 31/12/2022 DBRS/Scope Ratings	Final repayment date	Nominal value issued	Residual amount of notes repurchased and still owned as at 31/12/2022	Subscriber
Senior	Unlisted	6M Euribor + 0.30%	BBB/BBB	December 2045	241,500	14,940	Cassa di Risparmio di Asti S.p.A.
Total					**241,500**	**14,940**	

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 the Ministry of Economy and Finance on 10 June 2022 granted admission to the state guarantee scheme (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 31/12/2022 Moody's/Scope/ ARC Ratings	Final repayment date	Nominal value issued	Residual amount of notes repurchased and still owned as at 31/12/2022	Subscriber
Senior	Unlisted	6M Euribor +0.35%	Baa2/BBB/BBB	April 2046	284,000	25,329	Cassa di Risparmio di Asti S.p.A.
Total					284,000	25,329	

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.

BCC NPLs 2022 S.r.l.

Following the securitisation of bad loans to the special purpose vehicle BCC NPLs 2022 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 2022 and for which the GACS guarantee was received by Ministry of Economy and Finance on 10 June 2022.

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 31/12/2022 Moody's/ARC Ratings	Final repayment date	Nominal value issued	Residual amount of notes repurchased and still owned as at 31/12/2022	Subscriber
Senior	Unlisted	6M Euribor +0.35%	Baa1/BBB	January 2047	142,000	4,940	Cassa di Risparmio di Asti S.p.A.
Total					142,000	4,940	

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.

Luzzatti POP NPLs 2022 S.r.l.

Following the securitisation of bad loans to the special purpose vehicle Luzzatti POP NPLs 2022 S.r.l., the Originators subscribed pro rata the senior tranche issued by the SPV, for a total value of € 284,000 thousand as at 31 December 2022 and for which pursuant to Italian legislation, the GACS guarantee cannot be requested at the date of completion. However, the notes are eligible for the GACS guarantee.

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 31/12/2022 Moody's/ARC Ratings	Final repayment date	Nominal value issued	Residual amount of notes repurchased and still owned as at 31/12/2022	Subscriber
Senior	Unlisted	Fixed 4%	Baa1/BBB+	January 2042	118,250	19,726	Cassa di Risparmio di Asti S.p.A.
Total					118,250	19,726	

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 Srl	0	0	445	2,568
yes	Dyret SPV Srl	358	4,883	913	9,597
yes	Petilia Finance Srl	6,727	138,085	7,585	37,743
yes	Giorgia SPV Srl	1,601	69,228	183	6,137
yes	Aida SPV Srl	564	113,782	0	2,091

(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	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

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	**1,200**	**1,185**	**0**	**X**	**910**	**910**	**0**
1. Debt securities	0	0	0	X	0	0	0
2. Equity instruments	0	0	0	X	0	0	0
3. Loans	1,200	1,185	0	X	910	910	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	**27,896**	**27,894**	**0**	**1,668**	**21,158**	**21,158**	**0**
1. Debt securities	0	0	0	0	0	0	0
2. Equity instruments	0	0	0	X	0	0	0
3. Loans	27,896	27,894	0	1,668	21,158	21,158	0
E. Financial assets measured at amortised cost	**2,405,564**	**2,405,564**	**0**	**42,724**	**1,275,121**	**1,275,121**	**0**
1. Debt securities	0	0	0	0	0	0	0
2. Loans	2,405,564	2,405,564	0	42,724	1,275,121	1,275,121	0
Total 2022	**2,434,660**	**2,434,643**	**0**	**44,392**	**1,297,189**	**1,297,189**	**0**

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	
			2022	2021
A. Financial assets held for trading	**1,185**	**0**	**1,185**	**1,156**
1. Debt securities	0	0	0	0
2. Equity instruments	0	0	0	0
3. Loans	1,185	0	1,185	1,156
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	**27,894**	**0**	**27,894**	**63,451**
1. Debt securities	0	0	0	0
2. Equity instruments	0	0	0	0
3. Loans	27,894	0	27,894	63,451
E. Financial assets measured at amortised cost (fair value)	**2,405,564**	0	**2,405,564**	**1,427,019**
1. Debt securities	0	0	0	0
2. Loans	2,405,564	0	2,405,564	1,427,019
Total financial assets	**2,434,643**	**0**	**2,434,643**	**1,491,626**
Total associated financial liabilities	**1,297,189**	**0**	**X**	**X**
Net value 2022	**3,731,832**	**0**	**3,731,832**	**X**

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	**8**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1.1 Debt securities	8	0	0	0	0	0	0	0
- with early repayment option	0	0	0	0	0	0	0	0
- other	8	0	0	0	0	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	713	2398	6015	39975	10975	0	0
+ Short positions	0	1413	2644	5949	39653	10416	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.

B. 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).
The types of derivatives used consist of "over the counter" interest rate swap (IRS) contracts. The precisely identified assets and liabilities hedged include bonds acquired or issued by the Group Banks and fixed rate loans.

C. 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 (an IRS, which pays fixed and receives variable, may be considered a hedge of a fixed rate asset or a variable rate liability), the Group adopts 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.
As also noted previously, the Group has developed a specific internal policy that defines the roles and duties of the company figures involved.

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	**4,138,498**	**1,596,108**	**950,154**	**651,236**	**1,913,391**	**2,393,462**	**1,150,211**	**0**
1.1 Debt securities	2522	134,304	270,262	451546	690,695	1,543,824	544,062	0
- with early repayment option	2522	16,807	26893	1632	3855	0	0	0
- other	0	117,497	243,369	449914	686,840	1,543,824	544,062	0
1.2 Loans to banks	1,553,548	78,920	0	0	0	0	0	0
1.3 Loans to customers	2,582,428	1,382,884	679,892	199,690	1,222,696	849,638	606,149	0
- c/a	328,151	0	0	2	100	4,405	0	0
- other loans	2,254,277	1,382,884	679,892	199,688	1,222,596	845,233	606,149	0
- with early repayment option	1,881,056	1,125,308	618,734	140,106	842,886	572,724	596,694	0
- other	373,221	257,576	61,158	59,582	379,710	272,509	9,455	0
2. Balance sheet liabilities	**7,734,978**	**490,227**	**2,469,410**	**204,782**	**2,106,656**	**214,844**	**3,342**	**0**
2.1 Deposits from customers	7,476,494	186,655	904,705	95,673	253,290	148,939	2,592	0
- c/a	7,361,467	104,503	46249	68,967	59,672	0	0	0
- other liabilities	115,027	82,152	858,456	26,706	193,618	148,939	2,592	0
- with early repayment option	0	0	0	0	0	0	0	0
- other	115,027	82,152	858,456	26,706	193,618	148,939	2,592	0
2.2 Deposits from banks	182,733	11	1514229	93	1,256,149	817	750	0
- c/a	35,383	0	0	0	0	0	0	0
- other liabilities	147,350	11	1514229	93	1,256,149	817	750	0
2.3 Debt securities	75,751	303,561	50,476	109,016	597,217	65,088	0	0
- with early repayment option	0	0	43,234	0	136,340	0	0	0
- other	75,751	303,561	7,242	109,016	460,877	65,088	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								
- Options								
+ Long positions	0	0	0	0	0	0	0	0
+ Short positions	0	0	0	0	0	0	0	0
- Other								
+ Long positions	0	45	0	0	4	0	0	0
+ Short positions	0	49	0	0	0	0	0	0
3.2 Without underlying security								
- Options								
+ Long positions	0	2,116	2,912	7,914	54,535	22,165	8,907	0
+ Short positions	0	28,822	12,764	6014	39,973	10,975	2	0
- Other derivatives								
+ Long positions	0	1,259,117	1,000,074	152	16,614	581	1,435	0
+ Short positions	0	158,167	5,069	8,792	60,737	1,475,205	566,513	0
4. Other off-balance sheet transactions								
+ Long positions	98,684	0	0	0	0	0	0	0
+ Short positions	98,684	0	0	0	0	0	0	0

1.2 MARKET RISK

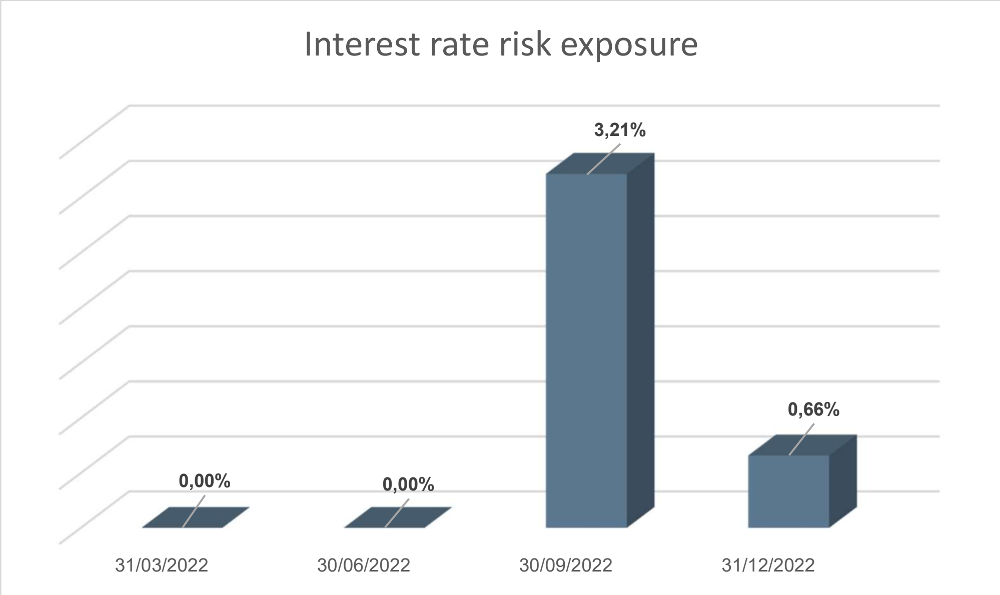
1. BANKING BOOK: BREAKDOWN BY RESIDUAL MATURITY (REPRICING DATE) OF FINANCIAL ASSETS AND LIABILITIES: OTHER CURRENCIES Type/Residual maturity	On demand	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Unspecified maturity
1. Balance sheet assets	**9,635**	**11,056**	**109**	**0**	**0**	**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	7,724	0	0	0	0	0	0	0
1.3 Loans to customers	1,911	11,056	109	0	0	0	0	0
- c/a	1,911	0	0	0	0	0	0	0
- other loans	0	11,056	109	0	0	0	0	0
- with early repayment option	0	0	0	0	0	0	0	0
- other	0	11,056	109	0	0	0	0	0
2. Balance sheet liabilities	**20,464**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2.1 Deposits from customers	20,464	0	0	0	0	0	0	0
- c/a	20,464	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								
- Options								
+ Long positions	0	0	0	0	0	0	0	0
+ Short positions	0	0	0	0	0	0	0	0
- Other								
+ 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	0	0	0	0	0
+ Short positions	0	0	0	0	0	0	0	0
- Other derivatives								
+ Long positions	0	2,048	0	0	0	0	0	0
+ Short positions	0	5,535	0	0	0	0	0	0
4. Other off-balance sheet transactions								
+ Long positions	0	0	0	0	0	0	0	0
+ Short positions	0	0	0	0	0	0	0	0

2. Banking book: internal models and other sensitivity analysis methods

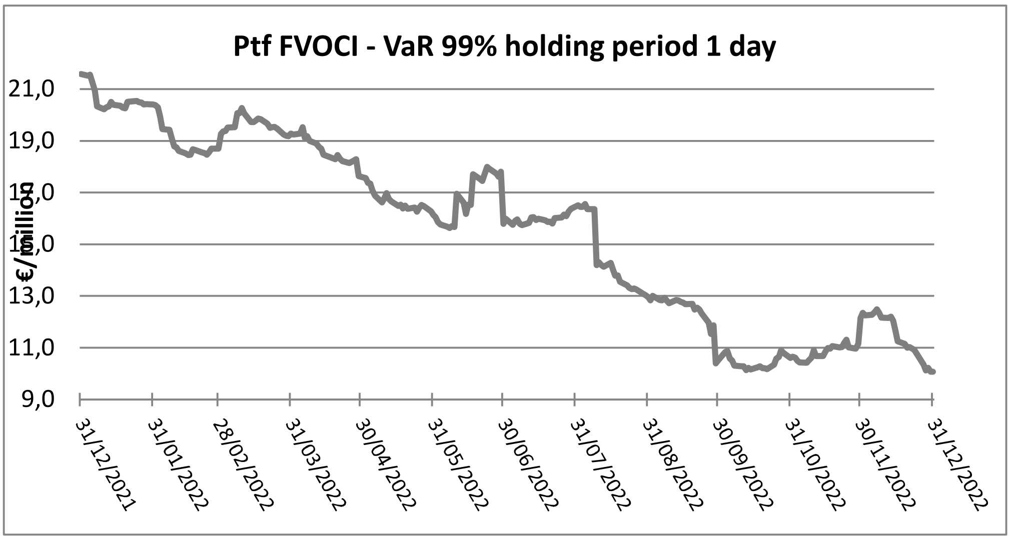
SENSITIVITY ANALYSIS METHODOLOGIES

The interest rate risk on the banking book, expressed in terms of economic value at risk, was almost zero as at 31 December 2022 (0.66% of fully-phased own funds) thanks mainly to the active management of this risk put in place by the Finance Department on the own securities portfolio through the use of the aforementioned Interest Rate Swap derivative instruments. The limited capital absorption is generated by the combined effect deriving from the gaps for each time bucket and the weightings applied on the basis of the scenario with a decrease in rates (1% percentile of annual changes in rates) envisaged by the simplified method proposed by Annex C of the Circular no. 285 of the Bank of Italy. On the other hand, no absorption is generated in the scenario of a rise in rates (99% percentile of annual changes in rates), confirming that the Group maintains a balanced position in the banking book as a whole (slightly liability sensitive), as regards the sensitivity of assets and liabilities with respect to changes in the market rate curve.
Consistent with the current liability sensitive position of the Group, the results of the stress tests conducted on the basis of the proposed EBA scenarios show the higher value of internal capital against the IRRBB in the event of a parallel shock of -200 bp, remaining this value in any case below the alert threshold of 15% of Cet1 set by the EBA GL (threshold also respected for the definition of Common Equity Tier 1 capital when fully phased).

The economic value at risk as at 31 December 2022 was € 6.4 million; during the course of 2022, concomitantly with the determination of the quarterly capital absorption of Pillar II, it recorded a maximum value of € 31.1 million (3.21% of fully-phased own funds) and a minimum value equal to zero during the course of the first half of 2022.



At the end of 2022, the historical simulation-based VaR (1 day holding period and 99% confidence interval) calculated on the bank-owned portfolio in the FVOCI (Held to Collect and Sell business model) amounted to € 10.1 million; during the year the average value was € 15.5 million, the minimum own value was € 10.1 million and the maximum value was € 21.6 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	**294**	**298**	**17,010**	**1,453**	**1,292**	**453**
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	283	298	3,960	1,453	1,277	453
A.4 Loans to customers	11	0	13,050	0	15	0
A.5 Other financial assets	0	0	0	0	0	0
B. Other assets	**85**	**73**	**1,524**	**303**	**498**	**274**
C. Financial liabilities	**78**	**2**	**16,659**	**1,759**	**1,684**	**282**
C.1 Deposits from banks	0	0	0	0	0	0
C.2 Deposits from customers	78	2	16,659	1,759	1,684	282
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	287	0	72	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	0	0	2,031	17	0	0
+ Short positions	284	350	3,065	2	7	309
Total assets	**379**	**371**	**20,565**	**1,773**	**1,790**	**727**
Total liabilities	**362**	**352**	**20,011**	**1,761**	**1,763**	**591**
Difference (+/-)	**17**	**19**	**554**	**12**	**27**	**136**

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.

1.3.1 TRADING DERIVATIVES

A. Financial derivatives

A.1 FINANCIAL HEDGING DERIVATIVES: NOTIONAL VALUES AT YEAR END	Total 2022				Total 2021			
	Over the counter				Over the counter			
		Without central counterparties				Without central counterparties		
Underlying assets/Derivative types	Central Counterparties	With netting agreements	Without netting agreements	Organised markets	Central Counterparties	With netting agreements	Without netting agreements	Organised markets
1. Debt securities and interest rates	**0**	**172,493**	**1,688**	**0**	**0**	**197,366**	**1,885**	**0**
a) Options	0	1,688	1,688	0	0	1,885	1,885	0
b) Swaps	0	170,805	0	0	0	195,481	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
2. Equity securities and stock indices	**0**	**0**	**334**	**0**	**0**	**0**	**334**	**0**
a) Options	0	0	334	0	0	0	334	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**	**3,391**	**0**	**0**	**0**	**13,346**	**0**
a) Options	0	0	0	0	0	0	0	0
b) Swaps	0	0	1,516	0	0	0	8,521	0
c) Forwards	0	0	1,875	0	0	0	4,825	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**	**172,493**	**5,413**	**0**	**0**	**197,366**	**15,565**	**0**

1.3 DERIVATIVES AND HEDGING POLICIES

A.2 FINANCIAL TRADING DERIVATIVES: GROSS POSITIVE AND NEGATIVE FAIR VALUE BY PRODUCT	Total 2022				Total 2021			
	Over the counter			Organised markets	*Over the counter*			Organised markets
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties		
Types of derivatives		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value								
a) Options	0	58	0	0	0	1	0	0
b) Interest rate swaps	0	1,010	0	0	0	6,238	0	0
c) Cross currency swaps	0	0	5	0	0	0	9	0
d) Equity swaps	0	0	0	0	0	0	0	0
e) Forwards	0	0	74	0	0	0	104	0
f) Futures	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0
Total	**0**	**1,068**	**79**	**0**	**0**	**6,239**	**113**	**0**
2. Negative fair value								
a) Options	0	0	207	0	0	0	3	0
b) Interest rate swaps	0	1,848	0	0	0	7,813	0	0
c) Cross currency swaps	0	0	2	0	0	0	6	0
d) Equity swaps	0	0	0	0	0	0	0	0
e) Forwards	0	0	74	0	0	0	102	0
f) Futures	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0
Total	**0**	**1,848**	**283**	**0**	**0**	**7,813**	**111**	**0**

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**	**1886**
- notional amount	X	0	0	1,688
- positive fair value	X	0	0	0
- negative fair value	X	0	0	57
2) Equity securities and stock indices	**X**	**484**	**0**	**0**
- notional amount	X	334	0	0
- positive fair value	X	0	0	0
- negative fair value	X	150	0	0
3) Gold and currencies	**X**	**2,535**	**0**	**1,011**
- notional amount	X	2,453	0	938
- positive fair value	X	79	0	0
- negative fair value	X	3	0	73
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**	**175,409**	**0**	**0**
- notional amount	0	172,493	0	0
- positive fair value	0	1,068	0	0
- negative fair value	0	1,848	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 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	30,000	16,110	128,071	174,181
A.2 Financial derivatives on equity securities and stock indices	0	334	0	334
A.3 Financial derivatives on currencies and gold	3,391	0	0	3,391
A.4 Financial derivatives on commodities	0	0	0	0
A.5 Other financial derivatives	0	0	0	0
Total 2022	**33,391**	**16,444**	**128,071**	**177,906**
Total 2021	**13,346**	**46,824**	**152,761**	**212,931**

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

There are no items of this type.

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 2022 (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. With reference to the Libor rates (CHF and GBP - note the USD Libor will continue to be published until 30/06/2023), they were also disposed of at the end of 2021.

With reference to the Libor rate, it was 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 2022 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 2022				Total 2021			
	Over the counter				*Over the counter*			
		Without central counterparties				Without central counterparties		
Underlying assets/Derivative types	Central Counterparties	With netting agreements	Without netting agreements	Organised markets	Central Counterparties	With netting agreements	Without netting agreements	Organised markets
1. Debt securities and interest rates	**0**	**2,101,707**	**0**	**0**	**0**	**1,268,863**	**0**	**0**
a) Options	0	0	0	0	0	0	0	0
b) Swaps	0	2,101,707	0	0	0	1,268,863	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
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**	**2,101,707**	**0**	**0**	**0**	**1,268,863**	**0**	**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 2022				Total 2021				Total 2022	Total 2021
	Over the counter			Organised markets	*Over the counter*			Organised markets		
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties				
Types of derivatives		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements			
Positive fair value										
a) Options	0	0	0	0	0	0	0	0	0	0
b) Interest rate swaps	0	176,574	0	0	0	8,184	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**	**176,574**	**0**	**0**	**0**	**8,184**	**0**	**0**	**0**	**0**
Negative fair value										
a) Options	0	0	0	0	0	0	0	0	0	0
b) Interest rate swaps	0	7,785	0	0	0	43,440	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**	**7,785**	**0**	**0**	**0**	**43,440**	**0**	**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**	**1,856,894**	**429,172**	**0**
- notional amount	0	1,701,707	400,000	0
- positive fair value	0	148,783	27,791	0
- negative fair value	0	6,404	1,381	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 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	0	0	2,101,707	2,101,707
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 2022	**0**	**0**	**2,101,707**	**2,101,707**
Total 2021	**300,000**	**0**	**968,863**	**1,268,863**

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.

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 2022), 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 Department 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.
With regard to the corporate liquidity framework, the Basel III regulatory ratios as at 31 December 2022 at Group level were 216.46% and 160.20% for the Liquidity Coverage Ratio and Net Stable Funding Ratio respectively. 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 timeframe. 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 also 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 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)	**568,380**	**8,076**	**17,898**	**151,691**	**539,464**	**293,131**	**1,048,454**	**3,432,763**	**5,851,831**	**84,051**
A.1 Government securities	0	0	0	600	10,829	11,854	522,072	855,000	2,427,000	0
A.2 Other debt securities	4,674	0	0	65	510	938	2,192	15,343	183,534	0
A.3 Units of UCITS	73,281	0	0	0	0	0	0	0	0	0
A.4 Loans	490,425	8,076	17,898	151,026	528,125	280,339	524,190	2,562,420	3,241,297	84,051
- Banks	13,474	0	0	0	303	0	0	0	0	78,560
- Customers	476,951	8,076	17,898	151,026	527,822	280,339	524,190	2,562,420	3,241,297	5,491
B. Balance sheet liabilities	**7,694,981**	**767**	**89,655**	**44,783**	**199,994**	**1,810,217**	**319,255**	**2,298,898**	**891,561**	**0**
B.1 Deposits and current accounts	7,486,297	0	0	40,209	64,245	53,176	76,156	111,615	0	0
- Banks	40,807	0	0	0	0	6,500	6,500	52,000	0	0
- Customers	7,445,490	0	0	40,209	64,245	46,676	69,656	59,615	0	0
B.2 Debt securities	127	767	89,655	599	58,447	37,898	119,300	729,904	179,951	0
B.3 Other liabilities	208,557	0	0	3,975	77,302	1,719,143	123,799	1,457,379	711,610	0
C. Off-balance sheet transactions										
C.1 Physically settled fin. derivatives										
- Long positions	0	2,641	300	572	440	15	0	24	0	0
- Short positions	0	1,159	0	431	430	0	0	0	0	0
C.2 Cash settled fin. derivatives										
- Long positions	0	0	0	0	1,729	1,960	11,166	1,401	0	0
- Short positions	57	0	0	1,465	4,601	3,531	3,196	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	10	0	0	0	7,787	0	0	6,134	84,753	0
- Short positions	98,684	0	0	0	0	0	0	0	0	0
C.5 Financial guarantees given	7	0	0	6	11	15	22	12	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)	**9,591**	**1,866**	**26**	**8,452**	**811**	**140**	**64**	**409**	**2,188**	**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	9,591	1,866	26	8,452	811	140	64	409	2,188	0
- Banks	7,724	0	0	0	0	0	0	0	0	0
- Customers	1,867	1,866	26	8,452	811	140	64	409	2,188	0
B. Balance sheet liabilities	**20,464**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**
B.1 Deposits and current accounts	20,464	0	0	0	1	0	0	0	0	0
- Banks	0	0	0	0	0	0	0	0	0	0
- Customers	20,464	0	0	0	1	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	1,111	0	469	469	0	0	0	0	0
- Short positions	0	2,641	298	611	469	0	0	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	0	0	0	0	0	0	0	0	0
- Short positions	0	0	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.

1.4 LIQUIDITY RISK

Type of Note	Rating as at 31/12/2022 Moody's/DBRS	Rate	Date of issue	Expected maturity date	Amount issued in total	Total amount repaid as at 31/12/2022	Total residual value as at 31/12/2022	Notes repurchased and owned by the Bank as at 31/12/2022 (nominal value)
Class A	A1/AA	3M Euribor + 0.75%	15/3/2017	29/10/2082	700,000	0	700,000	700,000
Class B	no rating	3M Euribor + 1.50%	15/3/2017	29/10/2082	485,339	0	485,339	485,339
Total					**1,185,339**	**0**	**1,185,339**	**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 31/12/2022 it amounted to € 64,454 thousand for Cassa di Risparmio di Asti S.p.A.

As at 31/12/2022, 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 € 1.143.847 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	32,958	interest expense on notes issued	13,250
Bank interest income	270	servicing fee expense	1,139
Other revenues	3	other expenses	574
		losses on loans	441
Total	**32,231**	**Total**	**15,404**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 23.146 thousand in overall value adjustments on the principal. Interest income on repurchased notes, amounting to € 13.266 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, the company entered into a 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 € 250 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 2022 loans amounting to a total € 129,810,320.22 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.
In June 2022, a further contractual amendment was signed in order to:

- extend the ramp-up period until June 2023;
- increase the size of the 'Senior Notes' to € 330,000,000.00;
- increase the size of the 'Mezzanine Notes' to € 32,700,000.00;

- increase the size of the 'Junior Notes' to € 36,800,000.00.

In December 2022, a further contractual amendment was signed in order to include the transfer option also of the TFS receivables (post-employment benefits).

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 following updates 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 2022, 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 atypical 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 with assigning them a score. The intent is to focus attention on unexpected situations 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 2022 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 Companies 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.

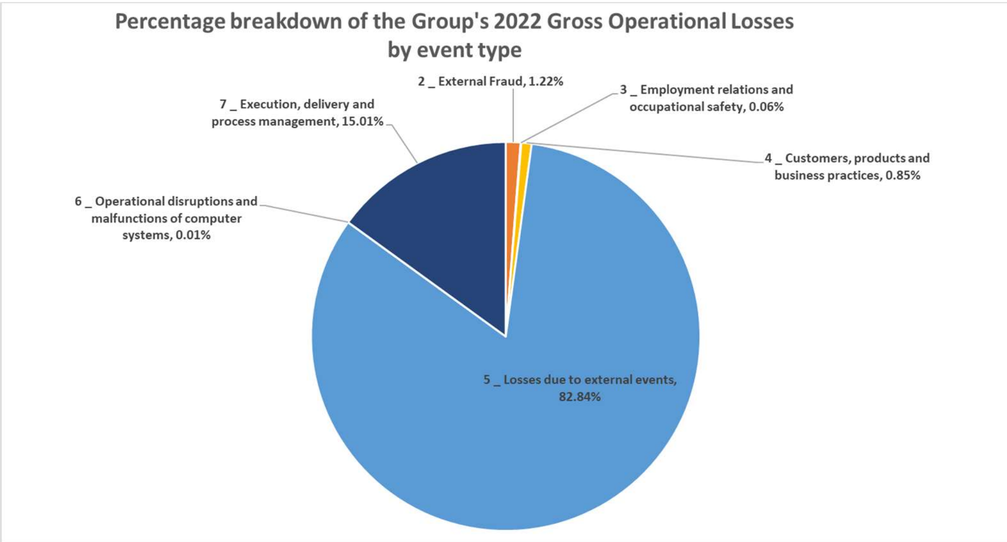
The analysis was performed with reference to events that entailed losses in gross amounts of at least € 1,000.

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 and We Finance is performed on the basis of the methodology adopted by the Parent Company, obviously keeping in mind the specific nature of the Companies' business model and its organisational structure.

From the breakdown of losses incurred in 2022, the Group's operating loss events are concentrated in the following items: 'Loss from external events', which mainly contains the amounts set aside by Pitagora and We Finance following ruling 263/2022 with which the Constitutional Court declared the unconstitutionality of Article 11-octies, paragraph 2, of Decree Law 73 of 2021 in the part in which it limited the right to the reduction due to the consumer to certain types of costs; 'Execution, delivery and management of processes', which contains the amounts set aside in relation to operational errors and disputes with customers.

The chart below summarises the breakdown of gross operational losses of the Group Companies in 2022.



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 in 2022 by the Prevention and Protection Service were focused on the continuation of the activity on preventing the spread of COVID-19 (coronavirus), which continues to represent, albeit less severely than in past years, a health, social and labour emergency on a global scale.
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 individuals management, sanitisation of premises, notification to Sisp of positive individuals) were adjusted, in continuity with the year 2021, following the evolution of the legislation on the subject from time to time.

These measures have enabled the effective management of the pandemic.

In 2022, 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.

During the year, inspections were carried out in the offices of the Head Offices of Asti and Biella and in 52 branches: Agenzia 13, Agenzia 6, Agenzia 9, Andorno Sagliano Micca, Asigliano Vercellese, Baldichieri, Borgo Vercelli, Borgomanero, Borgosesia, Calliano, Caresanablot, Carmagnola, Castell'Alfero, Cavallirio, Coggiola, Crevacuore, Cuneo, Desana, Gattinara, Grazzano Badoglio, Monale, Moncalvo, Mondovì, Montechiaro D'Asti, Montemagno, Palazzolo Vercellese, Pettinengo, Piovà Massaia, Ponzone Trivero, Portacomaro, Pray, Quarona, San Martino Alfieri, Scopello, Serravalle Sesia, Settime, Stroppiana, Tigliole, Turin 1, Turin 2, Turin 3, Turin 4, Turin 5, Turin 6, Turin 7, Trino, Valle Mosso, Varallo, Vercelli Agenzia 3, Vercelli Agenzia 6, Villafranca D'Asti, Villata.

The Prevention and Protection Department, after carrying out the inspections, drafted 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 for 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.

In the second part of the year, the Prevention and Protection Service activities were also aimed at developing the 'Occupational Health and Safety Management System' and consequently obtaining the UNI ISO 45001:2018 certification, whose principles are of reference for the general objectives of the company's management in terms of health and safety in the workplace. In December, the Bank obtained the UNI ISO 45001:2018 certification.

From 1 January 2022 to date, there have been 7 theft attempts (2 in Castelletto Sopra Ticino, Quattordio, Settime, Calamandrana, Castello di Annone and Isola d'Asti) and 4 robbery attempts (Trecate, Lissone, Borgomanero and Castelnuovo Don Bosco).

The table below indicates the criminal events experienced in recent years:

EVENT	2018	2019	2020	2021	2022
Robberies	0	2	0	1	0
Attempted robberies	2	1	1	0	4
Thefts	4	2	1	0	0
Attempted thefts	0	2	9	5	7

During the current year, 7 accidents involving personnel were recorded, 6 identified as 'commuting' accidents on the home-work journey, and 1 caused by the crushing of the fingers while closing the access door to the safety deposit box.

With regard to accidents attributable to road accidents, a copy of the information relating to 'Accidents while travelling' was delivered, while with regard to the accident occurring within the operating unit (crushing of the fingers), the investigations made it possible to verify that it cannot be associated with or traced back to structural deficiencies or to a non-compliant organisation of work activities.

As regards the training activity required under Article 37 of Italian Legislative Decree 81/2008 and subsequent amendments and additions, the data provided by the

Human Resources Development Office regarding training in 2022 are reported below, showing a total of 1,139 hours of training, broken down as follows:

TITLE OF TRAINING ACTIVITIES	NO. OF PARTICIPANTS	TOTAL HOURS PROVIDED
COVID-19: WORK SAFELY (ABI multimedia)	64	64
THE NEW OBLIGATIONS FOR THE EMPLOYER AND THE HEAD OF THE PREVENTION AND PROTECTION DEPARTMENT DERIVING FROM THE RECENT 2021 DECREES ON FIRE PREVENTION	1	4
FIRE SAFETY IN WORKPLACES IN THE LIGHT OF THE REPLACING DECREES OF MINISTERIAL DECREE 10.03.1998	1	9
MANAGEMENT RESPONSIBILITY FOR ENVIRONMENTAL CRIMES AND SAFETY AT WORK AFTER LAW 215/2021 AND JUDGEMENT 32899/2021	2	35
RLS - ANNUAL UPDATE	10	80
HEALTH AND SAFETY AT WORK - LOW RISK TRAINING (multimedia on Skillacloud platform)	19	76
HEALTH AND SAFETY IN THE WORKPLACE - GENERAL TRAINING (new recruits)	103	824
HEALTH AND SAFETY AT WORK - LEGISLATION PILLS (multimedia on Skillacloud platform)	16	32
HR WEBINAR - HEALTH AND SAFETY IN THE WORKPLACE: UPDATES AND AMENDMENTS TO ITALIAN LEGISLATIVE DECREE 81/2008	2	15
OVERALL TOTAL	**218**	**1,139**

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 2022, 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 2022, 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 Function 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 the course of 2022, with a view to continuous alignment with current provisions on the Processing of Personal Data and with industry best practices, the adaptation of internal regulations continued through the adoption of the Regulatory and Operational Provisions on Data Protection Impact Assessment (DPIA) and on Data Retention; the implementation of the Data Processing Register and staff training.
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 amounted to € 1,037,409 as at 31 December 2022, inclusive of profit for the year. The values for shareholders' equity of Other companies refer to the securitisation vehicles and the Pitagora S.p.A. equity 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 € 1,017,698 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	380,688	0	80	0	380,768
2. Share Premium Reserve	339,370	0	0	0	339,370
3. Reserves	255,245	0	32	0	255,277
4. Equity instruments	97,567	0	0	0	97,567
5. (Treasury shares)	-11,955	0	0	0	-11,955
6. Valuation reserves:	-59,801	0	0	0	-59,801
- Equity instruments designated at fair value through other comprehensive income	-11	0	0	0	-11
- Hedging of equity instruments designated at fair value through other comprehensive income	0	0	0	0	0
- Financial assets (other than equity instruments) measured at fair value through other comprehensive income	-56,218	0	0	0	-56,218
- 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	-2,919	0	0	0	-2,919
- Hedging instruments [non-designated items]	0	0	0	0	0
- Foreign exchange differences	0	0	0	0	0
- Non-current assets held for sale and discontinued operations	0	0	0	0	0
- Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	117	0	0	0	117
- Actuarial gains (losses) on defined benefit pension plans	-770	0	0	0	-770
- 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	36,193	0	0	0	36,193
Shareholders' equity	**1,037,307**	0	**112**	0	**1,037,419**

SECTION 1 – CONSOLIDATED SHAREHOLDERS' EQUITY

B.2 VALUATION RESERVES FOR FINANCIAL ASSETS MEASURED 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	0	57,695	0	0	0	0	0	0	0	57,695
2. Equity instruments	15	26	0	0	0	0	0	0	15	26
3. Loans	1,605	128	0	0	0	0	0	0	1,605	128
Total 2022	**1,620**	**57,849**	**0**	**0**	**0**	**0**	**0**	**0**	**1,620**	**57,849**

The breakdown of item 1. Debt securities is provided below, relating to securities of European Union countries.

	Total 2022	EU Issuer	
		Italy	Other European countries
Positive reserve	**0**	**0**	**0**
of which debt securities of EU countries	0	0	0
of which other debt securities	0	0	0
Negative reserve	**57,695**	**47,862**	**9,833**
of which debt securities of EU countries	57,695	47,862	9,833
of which other debt securities	0	0	0

B.3 VALUATION RESERVES FOR FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: ANNUAL CHANGES	Debt securities	Equity securities	Loans
1. Opening balance	**-35,683**	**-187**	**4,880**
2. Positive changes	**34**	**176**	**286**
2.1 Fair value increases	0	176	286
2.2 Value adjustments for credit risk	34	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	**22,046**	**0**	**3,689**
3.1 Fair value decreases	22,046	0	3,605
3.2 Recoveries for credit risk	0	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	0	0
3.5 Other changes	0	0	84
4. Closing balance	**-57,695**	**-11**	**1,477**

SECTION 1 – CONSOLIDATED SHAREHOLDERS' EQUITY

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	**(2,366)**	**0**	**(215)**
2. Positive changes	**1,750**	**0**	**92**
2.1 Actuarial gains	1,750	0	92
2.2 Other changes	0	0	0
3. Negative changes	**0**	**0**	**31**
3.1 Actuarial losses	0	0	0
3.2 Other changes	0	0	31
4. Closing balance	**(616)**	**0**	**(154)**

SECTION 2 - SHAREHOLDERS' EQUITY AND BANK CAPITAL RATIOS

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 Third Pillar Public Disclosure.

PART G - BUSINESS COMBINATIONS CONCERNING COMPANIES OR BUSINESS BRANCHES

Section 1 - Business combinations during the year

This case is not present since no business combinations were carried out in 2022.

Section 2 - Business combinations after the end of the year

This case is not present since no business combinations were carried out after the end of the 2022 financial year.

Section 3 - Retrospective adjustments

During the year, no adjustments were made in relation to business combinations carried out in previous years.

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

	4,518
a) short-term benefits for employees and directors	3,806
b) post-employment benefits	203
c) other long-term benefits	201
d) termination indemnities	0
e) share-based payments	0
f) other compensation	308

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 Group or of any other entity correlated thereto, in the amount in which those funds were established or promoted by the Group or in the event that the Group 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.).

The related party transactions in 2022 are shown below:

	ATTIVO	PASSIVO	AZIONI	CREDITI DI FIRMA	MARGINI DI FIDO	INTERESSI ATTIVI E COMM.NI	INTERESSI PASSIVI E COMM.NI	DIVIDENDI	ALTRI PROVENTI	ALTRE SPESE AMM.VE
Fondazione Cassa di Risparmio di Asti (a)	0	9.981	115.728	0	0	0	46	3.364	97	0
Società Controllate (a)	0	0	0	0	0	0	0	0	0	0
Società esercitanti Influenza Notevole (a)	373	2.552	98.608	0	0	10	0	2.867	0	53
Esponenti (d)	825	6.018	95	0	246	38	48	4	0	4.433
Altre Parti Correlate (e,f)	26.601	27.280	259	4.488	18.659	3.301	243	6	42	4.908
Fondi Pensionistici (g)	0	625	0	0	0	12	5	0	0	170
TOTALE	**27.799**	**46.456**	**214.690**	**4.488**	**18.905**	**3.361**	**342**	**6.241**	**139**	**9.564**

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	2022	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA - WE FINANCE SPA)
ASSETS					
Cash	1,614,941	60,508	1,552,965	0	1,468
Financial assets	1,253,947	0	1,253,479	0	468
Financial assets measured at amortised cost	10,304,683	6,482,706	2,835,247	1,823	984,907
- Loans and advances to banks	*85,880*	*-0*	*84,381*	*50*	*1,449*
- Loans and advances to customers	*7,555,359*	*6,482,706*	*87,422*	*1,773*	*983,458*
- Other assets measured at amortised cost	*2,663,444*	*0*	*2,663,444*	*0*	*0*
Hedging derivatives	176,574	0	176,574	0	0
Equity investments	86	0	0	0	86

SEGMENT RESULTS - BALANCE SHEET FIGURES - LIABILITIES	2022	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA - WE FINANCE SPA)
LIABILITIES					
Deposits from banks	2,962,473	0	2,944,406	0	18,067
Financial liabilities held for trading	2,131	65	2,066	0	0
Direct funding	10,316,831	8,982,733	939,016	18,459	376,623
- Deposits from customers	*9,115,721*	*7,781,624*	*939,016*	*18,459*	*376,623*
- Debt securities in issue	*1,161,343*	*1,161,343*	*0*	*0*	*0*
- Financial liabilities measured at fair value	*39,767*	*39,767*	*0*	*0*	*0*
Hedging derivatives	7,785	4,797	2,988	0	0

SEGMENT RESULTS - BALANCE SHEET FIGURES - ASSETS	2021	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA - WE FINANCE SPA)
ASSETS					
Financial assets	80,296	62,766	14,884	0	2,646
Financial assets measured at amortised cost	1,557,298	0	1,556,830	0	468
- Loans and advances to banks	11,753,761	6,425,076	4,650,214	1,789	676,682
- Loans and advances to customers	*2,985,695*	*0*	*2,983,260*	*50*	*2,385*
- Other assets measured at amortised cost	*7,131,064*	*6,425,076*	*29,952*	*1,739*	*674,297*
Hedging derivatives	*1,637,002*	*0*	*1,637,002*	*0*	*0*
Equity investments	8,184	0	8,184	0	0

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

DISTRIBUTION BY OPERATING SEGMENT - INCOME STATEMENT FIGURES

	SEGMENT RESULTS - INCOME STATEMENT FIGURES	2022	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA)
+	Net banking income (1)	331,264	214,813	69,263	1,899	45,289
-	Operating costs (2)	-267,681	-136,961	-4,122	-98,108	-28,490
=	Gross operating profit	63,583	77,853	65,141	-96,208	16,798
+/-	Net provisions for risks and charges	-12,347	-2,866	-24	-334	-9,123
+/-	Gains/(losses) on equity investments	0	0	0	0	0
+/-	Gains/(losses) on disposal of investments	140	0	0	140	0
=	**Profit/(loss) before tax from continuing operations**	**51,376**	**74,986**	**65,117**	**-96,403**	**7,676**

	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**

(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 2022 COMPARED WITH 2021	2022/ 2021	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA)
+	Net banking income (1)	9,585	47,864	-22,563	405	-16,121
-	Operating costs (2)	-17,422	-1,690	1,170	-13,391	-3,511
=	Gross operating profit	-7,837	46,174	-21,393	-12,986	-19,632
+/-	Net provisions for risks and charges	2,028	-1,646	45	-265	3,894
+/-	Gains/(losses) on equity investments	0	0	0	0	0
+/-	Gains/(losses) on disposal of investments	589	0	0	589	0
=	**Profit/(loss) before tax from continuing operations**	**-5,220**	**44,528**	**-21,348**	**-12,662**	**-15,738**

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 2022	Total 2021
	Lease payments to be received	
Up to 1 year	1,990	1,432
1 to 2 years	1,772	1,379
2 to 3 years	1,466	1,207
3 to 4 years	1,239	994
4 to 5 years	1,022	635
Over 5 years	1,177	1,688
Total lease payments to be received	**8,666**	**7,335**

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	433
Other services	Other certifications required by law	Deloitte & Touche S.p.A.	C.R. Asti Group	201
Other services	Services other than auditing	Deloitte & Touche S.p.A.	C.R. Asti Group	50
Total				**684**

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 of subsidised loans, as these regard the disbursement of the funds of others.

During the financial year 2022, no amounts were collected by the Group by way of subsidies, grants, paid assignments or any other economic benefits of any kind.

GRUPPO CASSA DI RISPARMIO DI ASTI

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS 2022

Deloitte.

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
www.deloitte.it

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, 2022, 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, 2022, 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 amortized 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, 2022 the net performing loans and advances to customers measured at amortised cost (stage 1 and stage 2) amount to Euro 7,247 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, 2022, 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 macroeconomic context. Given the significance of the amount of performing loans and advances to customers measured at amortized cost in the financial statements, the complexity of the classification process of these loans into homogeneous risk categories adopted by the Group, as well as the circumstances related to the current macroeconomic context 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 amortized cost was a key audit matter for the Group's consolidated financial statements as at December 31, 2022.
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 actual macroeconomic context, 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 amortized 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;

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- checking, on a sample of credit files, the accuracy of the classification of performing loans and advances to customers measured at amortized 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.

Classification and measurement of non-performing loans and advances to customers measured at amortized 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, 2022 the gross non-performing loans and advances to customers measured at amortised cost amount to Euro 380 million, the connected specific write-downs amount to Euro 163 million and the related net exposure amounts to Euro 217 million. The coverage ratio related to non-performing loans and advances to customers measured at amortized cost at December 31, 2022 is equal to 42.93%. 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 80 million with a coverage ratio of 54.75%, net unlikely to pay loans for Euro 118 million with a coverage ratio of 35.22% and net past-due loans for Euro 24 million with a coverage ratio of 20.73%. 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 amortized 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.

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	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 amortized cost were a key audit matter for the Group's consolidated financial statements as at December 31, 2022.
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 amortized 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; • 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.

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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, 2022 include a goodwill of Euro 66 million, which has been allocated to three cash generating units (CGUs) identified in Cassa di Risparmio di Asti S.p.A. in the controlled companies Pitagora Finanziamenti Contro Cessione del Quinto S.p.A. and We Finance S.p.A.. According with the accounting standard IAS 36 "*Impairment of assets*", goodwill is not amortized 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 the current macroeconomic context. 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 2022 of the above CGUs and the related economic-financial projections 2022-2024 formulated respectively by the Board of Directors of the Bank and the controlled companies Pitagora Finanziamenti Contro Cessione del Quinto S.p.A. and We Finance 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, 2022.
Audit procedures performed	The main procedures carried out as part of our audit work have included, among the others, the following:

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- 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.

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 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.

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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;

- 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, actions taken to eliminate threats or safeguards applied.

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.

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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, 2022, 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 Group as at December 31, 2022, 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, 2022, 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.

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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 12, 2023

This report has been translated into the English language solely for the convenience of international readers.

GRUPPO CASSA DI RISPARMIO DI ASTI

ANNEXES

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	31.12.2022	31.12.2021
Cash and cash equivalents		1,614,941	80,296
	Item 10 - Cash and cash equivalents	*1,614,941*	*80,296*
Financial assets (other than loans)		1,179,310	1,557,298
	Item 20 - Financial assets measured at fair value through profit or loss	*98,968*	*95,449*
	- Item 20 a) (partial) - Financial assets held for trading	*-49,808*	*-49,808*
	- Item 20 c) (partial) - Financial assets mandatorily measured at fair value	*-1,343*	*-1,343*
	Item 30 - Financial assets measured at fair value through other comprehensive income	*1,216,658*	*1,598,165*
	- Item 30 c) (partial) - Financial assets measured at fair value through other comprehensive income	*-85,165*	*-85,165*
Financial assets measured at amortised cost		10,379,320	11,753,761
	Item 40 a) - Loans to banks	*85,837*	*2,985,679*
	Item 40 b) - Loans to customers	*10,157,167*	*8,631,766*
	+ Item 20 a) (partial) - Financial assets held for trading	*49,808*	*49,808*
	+ Item 20 c) (partial) - Financial assets mandatorily measured at fair value	*1,343*	*1,343*
	+ Item 30 c) (partial) - Financial assets measured at fair value through other comprehensive income	*85,165*	*85,165*
	- Item 40 b) (partial) - Loans to customers	*-2,663,444*	*-1,637,002*
	Item 40 b) (partial) - Loans to customers - other financial assets measured at amortised cost	*2,663,444*	*1,637,002*
Hedging derivatives		176,574	8,184
	Item 80 - Hedging derivatives	*176,574*	*8,184*
Equity investments		86	84
	Item 70 - Equity investments	*86*	*84*
Property, plant and equipment and intangible assets		290,811	287,973
	Item 80 - Property, plant and equipment	*203,666*	*198,791*
	Item 90 - Intangible assets	*87,145*	*89,182*
Tax assets		251,976	265,912
	Item 100 - Tax assets	*251,976*	*265,912*
Non-current assets held for sale and discontinued operations		3,987	67,449
	Item 120 - Non-current assets held for sale and discontinued operations	*3,987*	*67,449*
Other assets		778,105	543,463
	Item 130 - Other assets	*778,105*	*543,463*
Total assets		**14,675,110**	**14,564,420**

Reclassified balance sheet items - Liabilities	Statutory balance sheet items - Liabilities	31.12.2022	31.12.2021
Deposits from banks		2,962,473	2,858,086
	Item 10 a) - Deposits from banks	*2,962,473*	*2,858,086*
Financial liabilities held for trading		2.131	7,924
	Item 20 - Financial liabilities held for trading	*2.131*	*7,924*
Direct funding		10,316,831	10,201,090
	Item 10 b) - Deposits from customers	*9,115,721*	*8,878,432*
	Item 10 c) - Debt securities issued	*1,161,343*	*1,279,751*
	Item 30 - Liabilities designated at fair value	*39,767*	*42,907*
Hedging derivatives		7,785	43,440
	Item 40 - Hedging derivatives	*7,785*	*43,440*
Tax liabilities		804	86
	Item 60 -Tax liabilities	*804*	*86*
Other liabilities		290,146	362,192
	Item 80 - Other liabilities	*290,146*	*362,192*
Provisions for risks and charges		57,521	56,896
	Item 90 - Provision for employee severance pay	*14,116*	*20,213*
	Item 100 - Provisions for risks and charges	*43,405*	*36,683*
Shareholders’ equity		1,037,419	1,034,706
	Item 120 - Valuation reserves	*-60,301*	*-48,740*
	Item 140 - Equity instruments	*97,567*	*97,567*
	Item 150 - Reserves	*246,901*	*229,741*
	Item 160 - Share premium reserve	*339,370*	*339,375*
	Item 170 - Share capital	*363,971*	*363,971*
	Item 180 - Treasury shares	*-11,955*	*-11,010*
	Item 190 - Minority shareholders’ interests	*26,274*	*29,275*
	Item 200 - Profit (Loss) for the year (+/-)	*35,592*	*34,527*
Total liabilities and shareholders' equity		**14,675,110**	**14,564,420**

RECONCILIATION BETWEEN THE RECLASSIFIED INCOME STATEMENT AND THE STATUTORY INCOME STATEMENT

Reclassified income statement items	Statutory income statement items	31/12/2022	31/12/2021
	Item 10 - Interest income and similar revenues	***293,184***	***266,597***
	Item 10 - Interest income and similar revenues	*293,975*	*267,642*
	+ Item 80 (partial) - Net profit (loss) from trading	*-791*	*-1,045*
	Item 20 - Interest expense and similar charges	***-82,909***	***-73,707***
	Item 20 - Interest expense and similar charges	*-82,909*	*-73,707*
Net interest margin		**210,275**	**192,890**
Net fees and commissions		**104,412**	**89,097**
	Item 40 - Fee and commission income	***169,887***	***159,840***
	Item 40 - Fee and commission income	*172,959*	*162,458*
	- Item 40 (partial) - Securitisation servicing	*-3,124*	*-2,660*
	+ Item 230 (partial) - Other operating income (fast-track facility fee income)	*52*	*42*
	Item 50 - Fee and commission expense	***-65,475***	***-70,743***
	Item 50 - Fee and commission expense	*-65,475*	*-70,743*
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		**106,099**	**117,382**
	Item 80 - Net profit (loss) from trading	***115,816***	***70,980***
	Item 80 - Net profit (loss) from trading	*115,025*	*69,935*
	- Item 80 (partial) - Net profit (loss) from trading	*791*	*1,045*
	Item 90 - Net profit (loss) from hedging	***4,183***	***-50***
	Item 100 - Gains (losses) on disposal or repurchase of:	*-5,483*	*59,949*
	Item 100 a) - Gains (losses) on disposal or repurchase of financial assets measured at amortised cost	***5,072***	***55,579***
	Item 100 a) (partial) - Profit on bonds: AC	*737*	*55,579*
	Item 100 a) (partial) - Gains/losses on disposal of tax receivables	*4,335*	*0*
	Item 100 b) financial assets measured at fair value through other comprehensive income	***-11,843***	***5,248***
	Item 100 b) financial assets measured at fair value through other comprehensive income	*-11,843*	*5,248*
	Item 100 c) financial liabilities	***1,288***	***-878***
	Item 130 - Net losses/recoveries for credit risk	*1,558*	*589*
	Item 130 b) financial assets measured at fair value through other comprehensive income	***1,558***	***589***
	Item 110 - Net profit (loss) from other financial assets and liabilities measured at fair value through profit or loss	*941*	*4,138*
	Item 110 a) financial assets and liabilities designated at fair value	***2,024***	***1,202***
	Item 110 b) other financial assets mandatorily measured at fair value	***-1,083***	***2,936***
	Item 170 b) (partial) other net provisions	***-10,916***	***-18,224***
Dividends and similar income		**10,417**	**10,425**
	Item 70 - Dividends and similar income	*10,417*	*10,425*

Other operating expenses/income		**4,819**	**3,338**
	Item 230 - Other operating expenses/income	*29,655*	*29,057*
	- Item 230 (partial) - Other operating expenses (amortisation of expenses on leasehold assets)	*981*	*977*
	- Item 230 (partial) - Other operating income (recoveries of expenses)	*-25,879*	*-26,722*
	- Item 230 (partial) - Other operating expenses (maintenance of civil buildings)	*114*	*68*
	- Item 230 (partial) - Other operating income (fast-track facility fee income)	*-52*	*-42*
Gross banking income		**436,022**	**413,132**
Gains (losses) on disposal of financial assets measured at amortised cost		**-59,213**	**-18,135**
	Item 100 a) - Gains (losses) on disposal or repurchase of financial assets measured at amortised cost	*-54,141*	*37,444*
	- Item 100 a) (partial) - Profit on bonds: AC	*-737*	*-55,579*
	- Item 100 a) (partial) - Gains/losses on disposal of tax receivables	*-4,335*	*0*
Net adjustments for credit risk on financial assets measured at amortised cost		**-45,401**	**-91,678**
	Item 130 a) financial assets measured at amortised cost	*-45,401*	*-91,678*
Profits/losses from contractual changes without derecognition		**-144**	**-363**
	Item 140 - Profits/losses from contractual changes without derecognition	*-144*	*-363*
Net banking income		**331,264**	**302,956**
Operating costs		**-267,681**	**-250,259**
Personnel expenses		**-142,841**	**-131,869**
	Item 190 a) - Personnel expenses	*-145,219*	*-134,551*
	+ Item 190 b) (partial) - Other administrative expenses (directors and statutory auditors)	*2,378*	*2,682*
Other administrative expenses		**-100,329**	**-95,266**
	Item 190 b) - Other administrative expenses	*-126,840*	*-121,898*
	+ Item 200 (partial) - Other operating income (recoveries of expenses)	*25,879*	*26,722*
	+ Item 200 (partial) - Other operating expenses (maintenance of civil buildings)	*-114*	*-68*
	- Item 160 b) (partial) - Other administrative expenses (directors and statutory auditors)	*-2,378*	*-2,682*
	+ Item 40 (partial) - Securitisation servicing	*3,124*	*2,660*
Net adjustments to property, plant and equipment/intangible assets		**-24,511**	**-23,124**
	Item 210 - Net adjustments to/recoveries on property, plant and equipment	*-15,839*	*-15,928*
	Item 220 - Net adjustments to/recoveries on intangible assets	*-7,691*	*-6,219*
	+ Item 200 (partial) - Other operating expenses (amortisation of expenses on leasehold assets)	*-981*	*-977*
Gross operating profit		**63,583**	**52,697**
Net provisions for risks and charges		**-12,347**	**4,348**
	Item 200 - Net provisions for risks and charges	*-23,263*	*-13,876*
	- Item 200 b) (partial) - Other net provisions	*10,916*	*18,224*
Other non-recurring income/charges		**140**	**-449**
	Item 280 - Gains (losses) on disposal of investments	*140*	*-449*
Profit before tax from continuing operations		**51,376**	**56,596**
Taxes		**-15,183**	**-16,949**
	Item 300 - Tax expense (recovery) on income from continuing operations	*-15,183*	*-16,949*
Profit from continuing operations		**36,193**	**39,647**
Profit for the year		**36,193**	**39,647**

Country-by-country reporting

Country-by-country reporting (CRD IV) as at 31 December 2022
Cassa di Risparmio di Asti Group

In order to increase the confidence of citizens in the European Union in the financial sector, Article 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 statement 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 2022, 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 on 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 2022, the turnover amounted to € 384,420 thousand, all earned in Italy.

Number of full-time equivalent employees

As at 31 December 2022, there were 1,771 full-time equivalent employees, of which 1,649 had a full-time contract. Of this total, 1,565 were in service with the Parent Company, 189 with Pitagora S.p.A. and 17 with We Finance S.p.A.

Profit before tax

As at 31 December 2022, the profit (loss) before tax from continuing operations amounted to € 51,376 thousand. There are no components regarding discontinued operations.

Income taxes

As at 31 December 2022, the item 'income tax for the year' showed a negative balance of € 15,183 thousand.

Government grants received from Fondo Banche Assicurazioni

During 2022, the Group did not receive grants for carrying out personnel training.

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.