CONSOLIDATED FINANCIAL STATEMENTS 2023

GRUPPO CASSA DI RISPARMIO DI ASTI

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RISPARMIO DI ASTI

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Amounts are shown in €/thousand

MAIN BALANCE SHEET DATA	31/12/2023	31/12/2022	CHANGES	
			Absolute	%
NET LOANS AND ADVANCES TO CUSTOMERS	7.423.974	7.555.358	-131.384	-1,74%
DIRECT FUNDING	10.398.412	10.316.831	81.581	0,79%
INDIRECT FUNDING (1)	7.548.893	6.850.063	698.830	10,20%
TOTAL BALANCE SHEET ASSETS	12.714.075	14.675.110	-1.961.035	-13,36%
TOTAL OWN FUNDS (2)	1.028.144	965.290	62.854	6,51%

MAIN INCOME STATEMENT DATA	31/12/2023	31/12/2022	CHANGES	
			Absolute	%
NET BANKING INCOME	376.862	331.264	45.598	13,76%
OPERATING COSTS	-273.483	-267.681	-5.802	2,17%
GROSS OPERATING PROFIT (LOSS)	103.379	63.583	39.796	62,59%
GROSS PROFIT FROM CONTINUING OPERATIONS	99.880	51.376	48.504	94,41%
NET PROFIT	79.039	36.193	42.846	118,38%

OTHER DATA AND INFORMATION	31/12/2023	31/12/2022	CHANGES	
			Absolute	%
EMPLOYEES	1.827	1.810	17	0,94%
BANK BRANCHES	209	209	0	0,00%
NON-BANKING BRANCHES	86	85	1	1,18%
NUMBER OF CUSTOMERS	526.818	522.626	4.192	0,80%

INDICATORS

PROFITABILITY INDICATORS	31/12/2023	31/12/2022
OPERATING COST INCOME (3)	60,62%	59,66%
ROE	7,73%	3,54%
OPERATING ROE (3)	4,32%	5,03%

RISK INDICATORS	31/12/2023	31/12/2022
GROSS NPL RATIO (4)	4,36%	4,99%
NET NPL RATIO	2,36%	2,94%
NET BAD LOANS/NET LOANS AND ADVANCES TO CUSTOMERS	0,56%	1,05%
COVERAGE RATIO FOR BAD LOANS (4)	65,30%	54,75%
COVERAGE RATIO FOR TOTAL NON-PERFORMING LOANS	47,47%	42,93%
TEXAS RATIO (4)	27,93%	34,72%
FINANCIAL LEVERAGE (5)	12,23	15,35

CAPITAL RATIOS (fully phased)	31/12/2023	31/12/2022
CET 1 RATIO (CET1/RWA)	14,88%	13,21%
TIER 1 RATIO (TIER1/RWA)	16,53%	14,86%
TOTAL CAPITAL RATIO (TOTAL OWN FUNDS/RWA)	17,39%	16,35%

LIQUIDITY	31/12/2023	31/12/2022
LCR	240,36%	216,46%
NSFR	169,20%	160,20%

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) Adjusted valuation criteria for consistency with financial year 2023.

(2) Fully-phased own funds.

(3) The index was calculated net of the transaction for the acquiring merchant contribution transfer; for the financial year 2022 contributions net of the Solidarity Fund and Lexitor Provisions.
(4) Bad loans are stated net of default interest deemed to be entirely irrecoverable.
(5) Calculated as the ratio of total assets net of intangible assets (numerator) and shareholders' equity net of intangible assets (denominator).

KEY CONSOLIDATED OPERATING DATA

RECLASSIFIED CONSOLIDATED BALANCE SHEET

(Amounts are shown in €/thousand)	31/12/2023	31/12/2022	CHANGES	
			Absolute	%
ASSETS				
Cash and cash equivalents	646.993	1.614.941	-967.948	-59,94
Financial assets other than loans (FVPL and FVOCI)	1.095.462	1.253.947	-158.485	-12,64
Financial assets:	9.656.832	10.304.683	-647.850	-6,29
- of which: loans and advances to banks	*192.294*	*85.881*	*106.413*	*123,91*
- of which: loans and advances to customers	*7.423.974*	*7.555.358*	*-131.384*	*-1,74*
- of which: other financial assets measured at amortised cost	*2.040.564*	*2.663.444*	*-622.880*	*-23,39*
Hedging derivatives	18.312	176.574	-158.262	-89,63
Equity investments	195	86	109	126,74
Property, plant and equipment and intangible assets	292.292	290.811	1.481	0,51
Tax assets	219.833	251.976	-32.143	-12,76
Non-current assets held for sale and discontinued operations	2.375	3.987	-1.612	-40,43
Other assets	781.781	778.105	3.676	0,47
TOTAL ASSETS	**12.714.075**	**14.675.110**	**-1.961.034**	**-13,36**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Deposits from banks	765.196	2.962.473	-2.197.277	-74,17
Financial liabilities held for trading	1.974	2.131	-157	-7,37
Direct funding	10.398.412	10.316.831	81.581	0,79
- of which: deposits from customers	*9.209.382*	*9.115.721*	*93.661*	*1,03*
- of which: debt securities in issue	*1.176.262*	*1.161.343*	*14.919*	*1,28*
- of which: financial liabilities designated at fair value	*12.768*	*39.767*	*-26.999*	*-67,89*
Hedging derivatives	112.954	7.785	105.169	1.350,92
Tax liabilities	121	804	-683	-84,95
Other liabilities	273.117	290.146	-17.029	-5,87
Provisions for risks and charges	46.094	57.521	-11.427	-19,87
Shareholders' equity	1.091.667	1.011.145	80.522	7,96
Minority shareholders' equity	24.540	26.274	-1.734	-6,60
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**12.714.075**	**14.675.110**	**-1.961.035**	**-13,36**

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)	31/12/2023	31/12/2022	CHANGES	
			Absolute	%
INTEREST MARGIN	**271.412**	**210.275**	**61.137**	**29,07**
Net fees and commissions	96.102	104.412	-8.310	-7,96
of which: Commercial banking	*133.964*	*138.571*	*-4.607*	*-3,32*
of which: Pitagora	*-37.862*	*-34.159*	*-3.703*	*10,84*
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)	65.671	106.099	-40.428	-38,10
of which: Commercial banking	*3.722*	*44.942*	*-41.220*	*-91,72*
of which: Pitagora (net of provisions for prepayment) [1]	*61.949*	*61.157*	*792*	*1,29*
Dividends and similar income	10.335	10.417	-82	-0,79
Other operating expenses/income	41.825	4.819	37.006	767,92
GROSS BANKING INCOME	**485.345**	**436.022**	**49.323**	**11,31**
Gains/Losses on disposal of financial assets measured at amortised cost	-41.896	-59.213	17.317	-29,25
Net adjustments for credit risk to financial assets measured at amortised cost	-66.278	-45.401	-20.877	45,98
Profits/losses from contractual changes without derecognition	-309	-144	-165	114,58
NET BANKING INCOME	**376.862**	**331.264**	**45.598**	**13,76**
Operating Costs:	-273.483	-267.681	-5.802	2,17
Personnel expenses	-140.468	-142.841	2.373	-1,66
of which: personnel expenses	*-140.418*	*-135.282*	*-5.136*	*3,80*
of which: allocations to the Solidarity Fund	*-50*	*-7.559*	*7.509*	*-99,34*
Other administrative expenses	-108.685	-100.329	-8.356	8,33
of which: other administrative expenses	*-94.290*	*-86.547*	*-7.743*	*8,95*
of which: contributions to the National Resolution Fund, SRF and DGS	*-14.395*	*-13.782*	*-613*	*4,45*
Net adjustments to property, plant and equipment/intangible assets	-24.330	-24.511	181	-0,74
GROSS OPERATING PROFIT (LOSS)	**103.379**	**63.583**	**39.796**	**62,59**
Net allocations to provisions for risks and charges	-3.556	-12.347	8.791	-71,20
Other non-recurring income/charges	57	140	-83	-59,29
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**99.880**	**51.376**	**48.504**	**94,41**
Taxes	-20.841	-15.183	-5.658	37,27
PROFIT FROM CONTINUING OPERATIONS	**79.039**	**36.193**	**42.846**	**118,38**
PROFIT FOR THE YEAR	**79.039**	**36.193**	**42.846**	**118,38**

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

At the end of 2023, the global economy continued to weaken further. Manufacturing output stagnated while services lost momentum. In the United States, after a sharp increase in consumption in the third quarter, signs of a slowdown in economic activity emerged. In China, the persistent crisis in the real estate sector held back growth, keeping it below pre-pandemic levels. International trade remained modest, affected by weak demand for goods and global monetary squeeze. Despite the attacks on shipping traffic in the Red Sea, oil and natural gas prices declined and remained low after the initial strong volatility in October. During the autumn, core inflation declined in the United States and the United Kingdom, with their respective central banks keeping rates unchanged. In the United States, the growth of gross domestic product was 4.9% during the summer months, driven by household consumption, while in China economic activity slowed down despite the measures adopted to combat the real estate crisis. After a significant acceleration in the first two quarters of the year, GDP decreased in Japan due to lower investment and to a lesser extent in the United Kingdom.
In the third quarter, there was a contraction in the volume of trade, affected by the tightening of international monetary and financial conditions, especially as regards investment goods. The most recent data indicated a slight growth in global trade in the fourth quarter, but the weakness also extended to the services sector. Once again, the high cost of credit could limit the global demand for investment and of durable goods, as already happened in 2023. Possible disruptions in global value chains, especially following the attacks on shipping in the Red Sea, or increases in energy prices resulting from unfavourable events related to the situation in the Middle East, represent further downside risks.

In the global economic context, monetary constraints continue to exert pressure along with the deterioration of both consumers and business confidence. A further escalation of the conflict in the Middle East represents a significant risk to economic growth and inflation. According to OECD estimates published in November, global GDP is expected to slow down to 2.7% in 2024, compared to 2.9% in 2023.[1]

After peaking at USD 94 per barrel in the first half of October following the escalation of the conflict in the Middle East, the price of Brent crude fell thereafter. This decline was driven by a global supply that exceeded expectations and lower demand. Despite the announcements of further cuts in oil production by OPEC+, the coordination difficulties within the cartel exerted bearish pressure on prices, which stood just below 80 dollars per barrel in November. The reference price of natural gas for European markets (Title Transfer Facility - TTF) temporarily increased after the terrorist attacks in Israel at the beginning of October and the simultaneous interruption of a gas pipeline in Finland. Subsequently, prices returned to the levels seen in September. In the fourth quarter, natural gas stocks in the European Union far exceeded the historical average, mainly due to moderate industrial demand and temperatures above the seasonal average. International prices of industrial metals rose at the end of October, mainly reflecting the increase in copper and iron prices.

[1] Source: European Central Bank - ECB Economic Bulletin, no. 8 – 2023
Bank of Italy - Economic Bulletin, no. 1 - 2024 - January 2024

Starting from the end of the summer, consumer inflation decreased in the United States and the United Kingdom, mainly benefiting from the marked reduction in energy prices and, to a lesser extent, the underlying price trend (3.9% and 5.1% respectively in December in both countries). In Japan, rising wages helped to support consumer prices, however core inflation remained internationally low (2.7% in November).

In December, both the Federal Reserve and the Bank of England kept the reference rates unchanged for the third consecutive meeting, at 5.25-5.50% and 5.25%, respectively. Both central banks have announced that they will maintain a tight monetary policy until inflation returns to levels compatible with their objectives.

The reference rate projections published by the Federal Reserve in December indicate that most members of the Federal Open Market Committee believe it is appropriate to loosen the monetary restriction more than expected in September, both for 2024 and for the following year. The Bank of Japan, after changing the yield curve control criteria again in October, kept the official rate unchanged in December. In China, in the face of the crisis in the real estate sector and the slowdown in consumer prices and production, the Central Bank maintained an expansionary stance, while the government stepped up its fiscal stimulus policies.

The scenario in Europe

The stagnation in the Eurozone continued in the end of 2023, with persistent weakness in the manufacturing and construction sectors that gradually extended to the service sector as well. The disinflation process involves all the main basket components. In the meetings of October and December, the Governing Council of the European Central Bank kept the official interest rates stable, believing that it would maintain them at these levels for a sufficiently prolonged period, thereby contributing substantially to the achievement of the 2% inflation target in the medium term. In addition, the Council intended to gradually reduce the reinvestment of maturing securities within the framework of the pandemic emergency-related public and private bond purchase programme during the second half of 2024, ending them at the end of the year.

During the summer months, GDP in the Eurozone decreased by 0.1% compared to the previous quarter. Although household consumption increased, it was offset by the stagnation of fixed investments and the negative impact of the change in inventory. Net foreign demand did not contribute to the positive trend in output, with a decrease in both imports and exports. On the supply side, value added decreased in industry and, to a lesser extent, in construction, while it increased slightly in services, especially in the information and communication sectors, and to a lesser extent in real estate. The GDP trend was essentially flat in all the main countries except Spain, where it remained growing thanks to the expansion in consumption. Forecast indicators predicted an almost unchanged level of GDP in the Eurozone, in the fourth quarter compared to the previous period. The weakness in manufacturing, evident until November, continued in the fourth quarter, together with very modest growth in services. The construction sector remained weak, impacted by restrictions on loan conditions. Signs of weakness in the various demand components were widespread. Overall, consumers' confidence declined slightly during the fourth quarter, mainly due to more negative forecasts regarding the general economic situation. Although employment in the Eurozone increased overall in the third quarter (by 0.2% compared to the previous quarter) and the unemployment rate remained stable at 6.5%, forward-looking indicators point to a weakening in the second half of the year. The average of the fourth quarter saw the SME index for foreign orders fall below the expansion threshold, foreshadowing continued negative growth trend for exports.

According to the projections of the Eurosystem experts published in December, it is expected that GDP in the Eurozone will accelerate to 0.8% in 2024 (compared to 0.6% forecast for 2023) and to 1.5% in the 2025-26 two-year period. However, compared to September forecasts, the estimates have been revised downwards by one-tenth of a percentage point for 2023 and by two-tenths for 2024[2], mainly due to a weakening of the international economic cycle and more restrictive loan conditions for households and businesses.

In December, the change in consumer prices on an annual basis rose to 2.9%, mainly due to the slowdown in the fall in energy commodity prices. However, the core component decreased for the fifth consecutive month, standing at 3.4%. According to Eurosystem estimates, disinflation is expected to continue in 2024. A detailed analysis of underlying inflationary pressures shows that in recent months the decline has also extended to items that had started to record price increases with delay. Food inflation also decreased, mainly due to the reduction in the prices of processed products, which more than offset the seasonal increase in fresh products. Disinflation is widespread in all basket components: in December, the proportion of items with year-on-year price changes above 4% was around 40%, continuing to decline from its peak of around 70% reached in the first half of 2023.

In the third quarter, contractual wages in the Eurozone recorded 4.7% annual growth (compared to 4.4% in the previous quarter), while actual wages continued to grow at a more sustained pace, although with a slowdown to 5.4% compared to the previous 5.6%. The trend in unit labour costs strengthened, also due to a more significant drop in productivity.

Among the main countries in the Eurozone, the ratio between the value of production and the total variable cost increased to levels higher than pre-pandemic levels in Germany and Italy, while in France it remained even lower, although on the rise. According to the projections of Eurosystem experts published in December, consumer price inflation in the Eurozone would fall to 2.7% in 2024, reaching 2.0% from the third quarter of 2025. The change in unit labour costs is expected to remain high, driven by wage trends. However, core inflation is expected to decline more slowly than the overall index, reaching 2.1% in 2026. Compared to September projections, the profile of consumer inflation was revised downwards by 5-tenths in 2024, mainly due to a downward revision of the energy and core components.

At its October and December meetings, the Governing Council of the ECB decided to keep the interest rates unchanged. Previous interest rate increases continue to affect the economy. Tighter financing conditions are slowing demand, contributing to the decline in inflation. The Council considered that maintaining rates at existing levels

[2] Source: European Central Bank - ECB Economic Bulletin, no. 8 – 2023 – January 2024

for an extended period will contribute substantially to the return of inflation to the target value. Interest rate decisions will be based on the analysis of data on the inflation outlook, core inflation trend and the effectiveness of monetary policy transmission. Following the publication of inflation data at the end of November and the December meeting of the Governing Council, expectations of a reduction in the reference interest rates implied in the €STR swap contracts became more pronounced. A significant cut in rates has been predicted, with the first cut of 25 basis points expected in April and an overall reduction of around 150 basis points by the end of 2024, bringing the rate on deposits with the central bank to around 2.5% in December 2024. The operators interviewed by the ECB as part of the *Survey of Monetary Analysts* (SMA) instead expect a first rate cut in July and a rate on deposits with the central bank at 3.25% by the end of the year.

Previous increases in official rates also continue to be reflected in the financing costs for businesses and households for the purchase of housing. Between August and November, the interest rate on new loans to non-financial companies and on new mortgages increased by one-tenth each, to 5.2% and 4.0%, respectively. The transmission of monetary policy stimuli to financing conditions is proving to be stronger than expected, partly due to the higher risk perceived by financial intermediaries. The gradual reduction in the Eurosystem balance sheet and the consequent decline in bank reserves accentuate the restrictive impact of the increase in monetary policy rates on loan costs for businesses and households.

Until October of last year, the change in corporate lending was negative, reflecting both the increase in lending rates and the reduced need for liquidity of companies, together with the weakness of economic activity, and the stricter loan granting criteria of banks. However, in November, the trend in bank loans to non-financial companies in the entire Eurozone returned slightly positive, recording an increase of 1.6% compared to the previous year, and compared to the decrease of -1.7% recorded in August. The decline in lending to businesses came to a halt in Germany and Italy and eased in Spain, while loans recorded a significant increase in France. Similarly, the slight decline in lending to households in the Eurozone stopped, recording a rise by 0.4%, compared to the previous -0.3% decrease, mainly due to smaller reductions in Spain and Italy and acceleration in France and Germany.

Since the beginning of the process of monetary policy "normalisation", credit growth has fallen dramatically, becoming negative, similar to the situation after the global financial crisis and the sovereign debt crisis. This weakening was more significant than expected on the basis of historical data. It is probable that the performance in loans disbursed to businesses and households also reflected the use of previously accumulated liquidity, even for precautionary purposes, to support one's own expenditure.

In Italy, in the third quarter, there was a marginal increase in gross domestic product but growth remained substantially flat even in the following months of 2023. This slowdown is due to monetary restrictions, persistent high energy prices and weak foreign demand.

Household consumption increased, supported by the creation of new jobs, exceeding the pre-pandemic level by about one percentage point. However, expenditure on fixed investments decreased, albeit to a limited extent, because of the higher cost of financing. While investments in construction increased partially, those in plant and machinery further decreased. In addition, the strong accumulation of inventory, probably due to weak demand prospects, subtracted 1.3 percentage points from GDP growth. Foreign trade contributed positively to growth, thanks to an increase in exports and a decrease in imports. Investments remained stable in the third quarter, after a decline in the previous quarter.

In the fourth quarter, the gross domestic product remained substantially stable. While manufacturing activity continued to decline, in connection with the weak economic situation of major trading partners and difficulties in energy-intensive industrial production, the service sector showed signs of stabilisation. In the construction sector, however, activity continued to expand. Despite a slight recovery in December, business confidence indices, based on ISTAT surveys, fell again in the average of the fourth quarter, mainly reflecting a deterioration in current and expected demand conditions, especially in the service sectors. In contrast, companies in the construction sector maintained stable levels of confidence.

Household spending increased by 0.7% in real terms in the third quarter, after stagnating in the second quarter, reflecting a favourable trend in employment and a growth in real disposable income of 1.3% compared to the previous period. Although consumption of services and durable goods increased, supported mainly by the recovery of car purchases, spending on non-durable and semi-durable goods decreased. Despite this, the propensity to savings increased, although it remained one percentage point below pre-pandemic levels. Private consumption remained virtually stable during 2023. However, despite an improvement in consumers' confidence in December, the average for the fourth quarter was down compared to the previous period, mainly due to the worsening of the general economic outlook.

House prices in the third quarter remained nominally stable compared to the second quarter, but increased by 1.8% compared to the same period of 2022, although this increase only reflects the dynamics of new construction. Home sales rose slightly, after four quarters of stagnation. According to the Bank of Italy's Economic Survey, real estate agents' expectations remain unfavourable, predicting very modest growth in real estate sales prices.

In the third quarter, total spending on interest on household debt increased due to the increase in the cost of credit. However, their impact on nominal disposable household income decreased slightly from 10.3% to 10.0%, due to a reduction in capital payments and an increase in disposable income.

Despite the fragility of the economic context, in the third quarter the number of employees continued to grow by 0.3%, albeit at a slower pace than in the first six months of the year. This increase was mainly driven by the growth in the number of permanent employees, while the number of temporary workers decreased. Construction recorded a significant increase in employment, recovering after four quarters of decline, while the increase in services was more moderate and it declined slightly in industry.

In the third quarter, contractual hourly wages in the non-agricultural private sector increased by 3.0% on an annual basis, compared to 1.9% in the spring months. This

increase was mainly affected by the inflation adjustment of the minimum wage in the mechanical engineering sector and forecast increases in existing contracts, with positive contributions also coming from the renewal of the contract in the wood sector. Nevertheless, the actual wage increase was slightly lower, due to a slowdown in the wage components above the contractual minimums.
Inflation expectations fell considerably in surveys conducted with companies, returning to levels close to 2%. Annual HICP inflation fell to 0.5% in December, reflecting a decline in energy commodity prices and a contraction in the core component. In 2024, inflation is expected to decrease markedly in Italy, with both core and volatile components contributing.

The banking market

The trend in loans to businesses and households continues to reflect the significant weakness in demand for loans and the tightness of supply criteria, in line with the ongoing restrictive monetary policy. The cost of credit for both sectors is still rising; official rate hikes have resulted in a more significant increase in the cost of corporate financing than in the past. The monetary tightening policy led to a decrease in funding, both as a result of a greater allocation to more profitable financial instruments and due to a reduction in refinancing with the Eurosystem.

Loans to businesses decreased on an annual basis (-4.8%); this reduction is more marked for small companies than for large ones. Italian banks reported a renewed drop in demand for loans from businesses in the third quarter, mainly due to higher interest rates and lower requirements for fixed investments. The demand for loans from households also decreased, both for home purchases and for consumer credit. The ratio of impaired loans to total loans remained stable in the third quarter, with a slight increase in the coverage ratio for significant banking groups.
In the first nine months of 2023, profitability improved compared to the same period of 2022 for both important banks and, albeit to a lesser extent, for less important banks. This increase in annualised return on equity and reserves (ROE), net of extraordinary items, was mainly driven by the growth in net interest income, which more than offset the reduction in other income. For important banking groups, operating expenses decreased slightly and value adjustments on loans decreased significantly; for the less important banks, on the other hand, costs increased and loan adjustments remained substantially stable. Banks recorded an increase in the level of capitalisation, mainly due to profitability and, to a lesser extent, the reduction in risk-weighted assets.
The conditions of Italian financial markets have eased considerably since November, benefiting from the improvement in investors' confidence, largely due to the expectations of a less restrictive monetary policy by the main central banks. The spread return between 10-year Italian government bonds and German bonds decreased significantly. The return on 10-year Italian government bonds decreased considerably compared to October, standing at 3.7% at the end of the first ten days of January, with a contraction of around 120 basis points. This decline was mainly affected by the decline in risk-free rates of the major advanced economies, reflecting the expectations of a less restrictive monetary policy in 2024 and less uncertainty in the government bond markets. The yields of bonds issued by Italian and Eurozone

non-financial companies decreased by around 90 basis points compared to October, while those of bank bonds recorded an even more marked decline, reaching their lowest levels since the summer of 2022. Equity prices in Italy and the Eurozone have risen significantly since the first ten days of October, with reduced volatility, due in part to expectations of more accommodative monetary policies and greater investor appetite for risk. In addition, preliminary information indicates, in 2023, a reduction in the deficit and in the ratio of debt to GDP compared to the previous year.

Italian macroeconomic scenario - GDP and components

% Changes	2022	2023	2024	2025	2026
Gross domestic product	3.9	0.7	0.4	0.9	0.7
Imports of goods and services	13.1	0.1	1.7	2.7	2.5
Household and Social private institutions for households spending	5.0	1.5	0.8	0.9	0.7
Public Administration spending	0.7	-0.4	0.0	0.3	0.1
Gross fixed investments	10.1	0.5	-0.9	0.9	1.1
of which: inv. in mach., equipment, means of transport, and various products	8.0	3.9	2.6	4.4	2.9
of which: inv. in construction	12.1	-2.8	-4.6	-3.1	-1.2
Exports of goods and services	10.7	-0.1	1.9	2.4	2.6
Total domestic demand	4.5	0.8	0.3	1.0	0.7
Domestic demand net of inventory changes	5.2	0.9	0.3	0.8	0.7
Current account and capital account balance as a % of GDP	-0.9	1.2	0.2	0.5	0.8
Terms of trade	-10.2	9.4	-2.6	0.6	0.1
General consumer price index	8.2	5.7	2.1	1.9	1.9
Per capita industry wages in the strictest sense	4.0	3.6	3.6	3.0	2.2
General producer price index	42.8	-7.6	0.2	0.2	0.3
Producer price index for non-food products	14.1	2.2	-1.5	1.5	1.6
Disposable income at constant prices	-1.5	0.2	1.4	0.7	0.8
Propensity to consume (% level)	92.4	93.6	93.0	93.2	93.1
Total employment	3.5	1.3	0.4	0.7	0.7
General industrial production index	0.4	-2.4	0.4	1.3	1.0
Degree of utilisation of production capacity in industry (% level)	78.1	76.8	77.2	77.5	77.5
Public Administration indebtedness (millions of current euros)	156,442	108,592	98,263	81,301	69,088
as % of GDP	8.0	5.3	4.7	3.8	3.1
Public Administration interest expense as % of GDP	4.3	3.8	4.1	4.3	4.4
Public Administration debt as % of GDP	141.6	140.4	142.4	143.1	143.0
Average rate on BOTs (1)	0.5	3.5	3.6	2.8	2.7
Rate on loans to businesses (1)	2.0	4.6	5.0	4.0	3.7
Average rate on medium/long-term government bonds (1)	2.6	3.9	4.2	4.3	4.5
Gross domestic product at current prices (millions of euro) (2)	4.3	1.0	0.5	1.1	0.9

(1) Domestic producer prices
(2) Average annual rate
(3) Non-current data for the different number of working days
Source: Prometeia forecasts based on Istat and Bank of Italy data

The local economy

At the beginning of 2023, there was a slowdown in the growth of the Piedmont region economy. According to the quarterly indicator of the regional economy (ITER) of the Bank of Italy[3], the gross domestic product in Piedmont increased by 1.3% compared to the same period of the previous year (1.2% in the national average), less than half of the increase recorded in 2022. After a more dynamic start in the first quarter, there was a gradual weakening, reflected by the deterioration of the international macroeconomic scenario. The Bank of Italy 's Regional coin indicator, which provides an estimate of the performance of the fundamentals of the regional economy, turned negative at the beginning of the summer and continued to decline during the autumn.

In the industrial sector, production grew in the first half of the year, albeit to a modest extent compared to the national average, thanks above all to the contribution of means of transport and exports. However, signs of a reduction in activity emerged in the third quarter. Capital accumulation in manufacturing companies was weak and the propensity to invest decreased during the year, mainly due to the worsening of credit access conditions. The incentives envisaged by the National Recovery and Resilience Plan (NRRP) provided support for spending. In the services sector, despite a slight deterioration since the summer, the situation was positive in all the main sectors, with the exception of non-food trade. The expansion in the construction sector was more modest than in the years 2021-2022, involving both residential construction and public works.
Overall, the economic conditions for companies remained favourable, partly due to reduced upward pressure on production costs. Although liquidity decreased slightly, it remains at high levels, considered more than sufficient by most companies.
In the first half of 2023, the degree of equipment utilisation was substantially stable compared to the second half of 2022, remaining at a high level (78.1% according to Confindustria Piemonte, the Italian Manufacturers' Federation of Piedmont). However, in the third quarter of the year, both the use of production capacity and production itself, albeit marginally, recorded a decrease compared to the previous period. Since the summer, the climate of confidence has worsened and business expectations have become less positive, affected by the deterioration of the international economic scenario and growth prospects. The indications of a decrease in orders in 2023 prevailed over those of an increase, especially in the foreign market, accompanied by a new increase in the prices of raw materials and energy. In the construction sector, activity continued to expand, albeit at a slower pace than in the post-pandemic two-year period. The hours worked in the first nine months of 2023 increased slightly compared to the same period of 2022, with a more significant increase in the Piedmont capital, which represents over 40% of the regional total. Forecasts for the second half of the year have shown an improvement in the revenue and order trends, especially for public works, according to ANCE Piedmont's forecasting survey, despite less support from the Superbonus, thanks to the impetus resulting from the execution of the works included in the NRRP. Overall, in the first nine months of 2023, turnover at current prices increased on an annual basis for about half of the companies with at least 20 employees, while it decreased for almost a

[3] Source: Bank of Italy - Regional economies - The economy of Piedmont - Economic update, no. 23 - November 2023

quarter of the respondents. In the tourism segment, after the strong growth of 2022, a good performance was reported in 2023. Tourist presences in the first nine months increased further, mainly driven by the flows of foreign travellers. This positive performance also affected airport traffic, with an increase of 7.7% in the total number of passengers in Piedmont airports, although lower than the national average. The share of industrial and private non-financial services companies surveyed by the Bank of Italy that expected to end 2023 with a profit increased by about 5 percentage points compared to the previous year's results, while the share of those expecting a loss remained more or less stable. This wider spread between profit and loss indications was observed especially in industry, suggesting that manufacturing companies may have benefited from less pressure on margins of energy costs and other production inputs compared to 2022.

The number of employees increased further, approaching pre-pandemic levels. Recruitments in the non-agricultural private sector still mainly concerned permanent contracts. The number of hours worked also increased and recourse to wage subsidies declined. Participation in the labour market increased without reaching pre-pandemic levels.

In the first six months of 2023, in a context of still robust inflation, there was a redistribution of the financial portfolio of savers towards more profitable assets than current account deposits. Consumer inflation has gradually eased since the beginning of the year compared to the peak at the end of 2022, but remained high (6.2% in September, 5.3% in Italy). The drop in price pressures is mainly attributable to the sharp drop in gas and electricity prices. There are signs of a recovery in consumers' confidence, although it remains below the levels prior to the Russian invasion of Ukraine.

The forecasts for the coming months are pessimistic, especially for small businesses and in the manufacturing sector, where a decrease in orders - including foreign orders-, a stabilisation of the hours worked and an increase in the use of safety nets are expected. The geopolitical tensions resulting from the recent terrorist attacks in the Middle East have increased uncertainty and could further compromise the evolution of economic conditions and the context for investments. The NRRP continues to contribute to growth and capital accumulation. At the end of October, the resources allocated to public bodies for regional projects amounted to € 8.2 billion, although some interventions are subject to a proposal of revision under discussion. At the end of June, proceedings had been initiated for around 40% of the amounts requiring a tender.

In the first half year of 2023, real estate transactions in Piedmont recorded a decrease of 10.1% compared to the previous year (-12.5% nationally). This negative trend, which began in the second half of 2022, was affected by the worsening of credit access conditions, despite a continuous interest in real estate investments. House prices recorded very modest growth in the first six months, with an increase of 0.3% compared to the second half year of 2022 (0.9% nationally). In the non-residential property market, transactions fell by 2.9% on an annual basis (-4.2% at national level), while the prices of buildings for productive use remained stable.

As regards the services sector, after a decline in autumn of 2022 due to the increase in energy prices, the economic situation improved in the following quarters. Confindustria Piemonte qualitative indicators on activities and orders returned to the average levels of the previous year. However, signs of economic deterioration emerged in the third quarter, albeit to a limited entity.

The creation of new jobs in the non-agricultural private sector continued in the first half of the year. Between January and June, the balance between activated and terminated contracts exceeded 26,200, an increase compared to the same period of 2022. This increase was driven by both more entries into the labour market and fewer exits, with around 60% of new jobs being permanent. The use of wage subsidies decreased further: in the first nine months of 2023, the authorised hours of the temporary unemployment compensation (Cassa Integrazione Guadagni - CIG) and solidarity funds were approximately 22.3 million, recording a decrease of 44.5%. compared to the previous year. Unemployment benefit claims (NASpI) in the first eight months were slightly lower than in the same period of 2022 (-0.8%).

As in the rest of the country, consumption slowdown sharply in 2023, mainly due to the loss of household purchasing power. According to Confcommercio forecasts, Piedmont people spending would increase by only 1.0% in real terms over the year, compared to 6.1% recorded in 2022, a trend similar to that of the North West and the national average.

Loans to the production system decreased in all main sectors and for all company sizes, mainly due to the drop in demand for investments and more difficult credit access conditions. Loans to households also slowed down, especially as regards mortgages for home purchases. Although credit quality has decreased slightly, it remains at high levels. Financial intermediaries have adopted greater caution, especially towards riskier customers.

In the first half of the year, cash and cash equivalents, after reaching a peak at the end of 2022, recorded a slight decrease, but remain at high levels. About half of the companies reported a stable liquidity, while a similar percentage reported an increase or a decrease. Most of the companies have used the liquid reserves to reduce part of their financial payables, and the majority believe that the reserves are more than sufficient for operational needs.

In 2023, the slowdown in loans by banks and financial companies to Piedmont households, which began in the last quarter of 2022, continued: in June, the rate of increase on an annual basis was 0.9% (compared to 4.1% recorded in December 2022). This performance reflects the decrease in demand, associated with the worsening of credit access conditions. In particular, there was a reduction in loans for house purchases (0.5% in June 2023; 3.6% in December 2022), accompanied by a decrease in purchases and sales on the real estate market. Consumer credit, which had recorded a gradual increase starting from the second half of 2021, suffered only a slight slowdown (5.3% in June 2023 on an annual basis, compared to 5.9% in December 2022). There was an acceleration in targeted loans, in particular for the purchase of motor vehicles. According to information provided by the banks participating in the harmonised interest rate survey, the cost of new consumer loans rose to 9.2% on average in the second quarter, recording an increase of 1.3 percentage points compared to the end of 2022. On the basis of still provisional data, relating exclusively to banks, total loans to households recorded a decrease of 0.8% during the summer months. At the end of June 2023, loans to the non-financial private sector in the region decreased by 3.5% on an annual basis. The contraction was mainly attributable to corporate financing, while household credit growth slowed down.

Over the four quarters ending in June 2023, the deterioration rate of new loans compared to performing loans at the beginning of the period increased to 0.9%, compared to 0.7% in December 2022. For the production sector, this indicator rose from 1.1% to 1.4%, with a deterioration in manufacturing and in the tertiary sector, but an improvement in construction, although it remains higher (2.5%). The deterioration rate of loans to households also increased slightly, to 0.6% (0.5% in December 2022). Although the share of loans with increased credit risk decreased slightly between December 2022 and June 2023, it remains higher than in the pre-pandemic period, following a trend similar to that of the North West and the national average. Rising interest rates and a worsening economic environment are important forward-looking risk factors.

The ratio of impaired bank loans to total loans remained stable at 2.7%, with a higher level for businesses than for households. Non-performing positions alone represented 1.2% of loans disbursed to Piedmont customers (1.1% in December).

In the context of still high inflation, the rising opportunity cost of holding liquidity has led to a reallocation of financial savings of households and businesses in the region. In the first half of the year, bank deposits contracted further (-5.9% on an annual basis; -1.1% in December 2022), with a sharp decrease in current accounts (-9.8% in June) and an increase in savings deposits (9.1%), benefiting from a timelier adjustment of remuneration to reference rates. The reduction in deposits also continued in the following months. The total value at market prices of securities held with banks rose again (16.5% in June 2023; -5.4% in December 2022), affected by a further increase in Italian government securities and bonds, together with a recovery in the value of equities and asset management.

The consumer credit market in Europe

According to the Statistical Report of Eurofinas[4] (European Federation of Finance House Associations), the European consumer credit market showed a downward trend in the first half of 2023, recording a decline of -3.4%, mainly due to a tightening of the criteria for granting loans to households, which was far higher than expected, low levels of consumer confidence and higher interest rates.

In detail, there was a 1.2% growth in financed flows in the first quarter of 2023, which instead showed a decrease of 3.6% in the following three months.

[4] Source: Eurofinas, Biannual & Q3, Statistical Report 2023.

The slowdown is attributable to a decline in personal loans of -4.4%, while vehicle loans to businesses recorded a positive performance with growth rates of 13.6%.

The personal loans segment recorded a negative result in the first two quarters of the year (-0.7% and -5.8% respectively). On the other hand, the trend in new loans related to the purchase of a new or used car improved, recording a good performance compared to other credit categories, showing growth of 6.1% and 2.3% respectively in the first and in the second quarter of 2023.

In the third quarter, the decline in new disbursements continued, showing a decrease of -2.1%. This segment is mainly affected by a downward trend in personal loans, which recorded -4.6%. On the contrary, finalised credit in the automotive sector showed an expansion of 4.6% compared to the third quarter of 2022.

The most recent data show that the demand for loans from households continued to decline significantly in the fourth quarter of 2023, albeit to a lesser extent than in the previous quarter.

The consumer credit market in Italy

In our country[5], caution prevails on the household credit market, both from the demand side and from the supply side, which is expressing more stringent granting policies due to the uncertainty generated by the geopolitical context, inflation and the rise in interest rates, thus recording a contraction in the average amounts disbursed for the main types of loans (mortgages for home purchase, personal loans and salary/pension assignment loans).

Consumer credit flows, after a good start in the first quarter of 2023, reversed their growth in the second and third quarters, ending the year with a positive change (+3%) compared to the same period of the previous year, amounting to a total turnover of around € 85 billion and a total of € 631 million in loan transactions. Excluding credit cards, the market recorded € 46.7 billion in line with the previous year, while the number of financed transactions increased (+ 7.1%).

Loans for the purchase of motor vehicles and motorbikes disbursed to private individuals at dealerships grew (+5.5%), thanks to the positive development of the automotive market, which benefited from the greater availability of new vehicles, the recovery of used cars and of the motorbike sector, as a result of the reshaping of government incentives and the easing of the supply chain crisis.

Loans related to the purchase of other goods/services (belonging to sectors such as furniture, electronics, household appliances and home energy efficiency equipment) increased by +3.1% compared to 2022. A positive contribution came from the "green" component, which was still able to benefit from the government's ecobonus for the energy requalification of buildings. The overall result then also benefited from instalment credit lines not associated with a credit card disbursed against eCommerce purchases.

[5] Source: Retail Credit Observatory. Fiftieth and Fifty-first edition by Assofin, Crif and Prometeia; Assofin Observatory on Consumer Credit - Annual Survey 2023.

Personal loans reduced financed flows by -2.2%, although there was a turnaround in the last quarter with positive growth of 4.8%.

The demand for TFS (post-employment benefits) advances decreased by -27.6% year-on-year, showing a drastic reduction in the number of transactions (-64.7%), against an increase in the average ticket.

The salary/pension assignment loans segment recorded a decrease in disbursements (-4.5%), reflecting the negative performance of loans to public employees and pensioners. Credit cards in the payments by instalment component declined by 22.5% over the reporting period.

Digital demand also comes to a halt, confirming the importance of the in-person relationship with the advisor during periods of greatest tightening of the financial sector.

The household credit market remains cautious, making the outlook for 2024 conservative.

It is expected that consumer credit flows may return to growth in the personal loans and salary/pension assignment loans segment, although January had a negative start.

The salary/pension assignment loans segment in Italy

The flows of salary/pension assignment loans recorded a sharp slowdown, with a contraction of -4.5% compared to the previous year.[6] New disbursements reached approximately € 6.2 billion, with an average ticket of € 17,750.

The data of the Assofin Observatory show, after a positive growth of 9.1% in the first quarter, a marked decline in disbursements in the remainder of the year, marking a decline of 5.6% and 8.3% respectively in the second and third quarter and 12.5% in the last three months.

Supporting the sector was the demand from private employees, who accounted for 20.5% of applicants, with a growth of 3.4% and financed volumes of € 1.3 billion over one year.
On the other hand, loans granted to public employees (32.10%) and pensioners (47.40%) decreased compared to the previous year (-10.3% and -3.6%), reflecting the negative figures of the last quarter (-16.7% and -8.5%).

[6] Source: Retail Credit Observatory. Fiftieth and Fifty-first edition by Assofin, Crif and Prometeia; Assofin Observatory on Consumer Credit - Annual Survey 2023.

Mission and strategic design

During 2023, 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 and the recent tensions on the Middle Eastern front resulting from the flare-up of the Israeli-Palestine conflict.

Nevertheless, the Group confirmed its high resilience capacity and good level of profitability. The specific indicators of capitalisation, liquidity, efficiency and quality express the structural strength that has enabled the Banca di Asti to pursue its mission with determination and concreteness during the year.

The results of the 2023 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 foundations which, thanks to the strategic decisions and the operating results of recent years, are solid and at high levels, particularly as regards liquidity, capitalisation, provisioning rates, and net NPLs ratio, financial leverage, efficiency and productivity ratios (net of charges and contributions to support the system), and the diversification of sources of income;
- to look towards the future, while achieving a good level of profitability, continuing to pursue development projects and the related investments (including the relative costs in the income statement) to further improve the service model, with a view to making its competitiveness more effective from a sales perspective and its organisation and work processes more efficient;
- to improve overall profitability (short and medium term) and the related cost/income ratio, to increase the size of indirect funding, especially in the asset management area, to reduce the percentage represented by gross and net non-performing loans of total loans.

The Group confirms its mission to be a modern, fast and flexible business Group, capable of competing with excellence in its reference markets, seeking to build lasting relationships with Customers to achieve reciprocal economic advantages.

Disclosures required by ESMA

On 25 October 2023, ESMA, the European Securities and Markets Authority, published the annual *Public Statement European Common Enforcement Priorities (ECEP) for 2023 annual financial reports* 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 2023. The document contains the common European supervisory priorities for financial statements and non-financial statements for the year 2023, to be published by listed companies in the European Economic Area (EEA).
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 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. In essence, the ESMA document aims to encourage the consistency and reliability of the financial and non-financial information produced by the issuers and, consequently, to contribute to the proper functioning of the European capital market.

Similar information requests were made by ESMA both in relation to the exogenous shocks that had affected the macroeconomic scenario of the 2020-2021 period, mainly concerning the COVID-19 disclosure and with reference to 2022, characterised by critical scenarios for the war in Ukraine.

With the Public Statement of October 2023, ESMA has confirmed that the disclosure obligations to be included in the report on operations must mainly concern:

- issues related to climate change;
- issues related to the macroeconomic context.

Climate change

ESMA stressed the importance for issuers to consider climate-related issues when preparing and reviewing the financial statements of financial intermediaries that apply international accounting standards to the extent that the effects of these issues are material.
In the document published on 25 October, ESMA also stressed that climate risk is becoming a significant factor affecting the banks' expected credit losses (ECL) and that should be adequately incorporated into their provisioning framework. In this respect, ESMA therefore encourages banks to strengthen their efforts to ensure that climate risk is included in the valuation of adjustments for losses on loans and that appropriate transparency is given in the financial statements.

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 defining possible actions to be taken in order to improve the state of alignment of the reported information with what is required by the regulatory and normative framework.

Analysing the constantly evolving context, the Group has been working to deepen its understanding of the issues tied to Climate Change risks in view of the future adoption of new models, scoring techniques and exogenous scenarios developed and provided by recognised international providers (ECB Climate Stress Test, NGFS).

To this end, the Risk Management Function has conducted the following projects during 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 risk data provision relating to both real estate securing loans granted to both the Bank's operational sites (physical risk and sub-components) and to counterparties (physical risk, climate risk, transition risk, PD levels resulting from different transition scenarios). This provision, functional to the performance of Risk Management assessments in the credit risk area, is in fact the basis of the materiality assessments and the exercises carried out in the ICAAP/ILAAP area. At the end of 2023, part of this data provision was integrated into the Cedacri procedures with the launch of the process of introducing the Climate logics also at the level of credit facility granting and monitoring;
- quantification of the impact of climate and environmental risk in terms of increased capital and/or liquidity requirements, following the assessment of exposure to these factors (ICAAP and ILAAP logics).

In a path of continuous improvement in the effective management of environmental risks and in compliance with the increasingly intense regulatory evolution, Banca di Asti has planned the following activities for 2024, in addition to updating the materiality analysis and assessments conducted as part of the ICAAP/ILAAP process:

- evolution of the *Risk Appetite Framework* through the inclusion of ESG metrics in credit disbursement policies;
- inclusion of ESG data in the Data Quality framework in order to rigorously assess the methodologies used and the quality of the data provided by third parties;
- integration of Data Governance Policies and Data Quality Regulatory and Operational Provisions to ensure the robustness and integrity of data obtained from third-party vendors.

For 2024, again in the area of Risk Management, there are plans to update the quantification of the impact of climate and environmental risk in terms of increased capital and liquidity requirements (ICAAP and ILAAP) and to identify KRIs (*Key Risk Indicators*) for measurement to be possibly included in the Risk Appetite Framework, considering introducing ESG metrics in the next revision of the Risk Appetite Statement

As outlined in the “Group Credit Policies”, the Cassa di Risparmio di Asti Group does not finance projects and/or companies involved in environmental, social or governance violations (including violations of human rights).
Specifically, the Group refrains from entering into credit relationships with the following types of customers:

- subjects included in national or international black lists;
- entities that produce weapons of mass destruction and war devices;
- money transfer institutions;
- “buy gold” activities.

During 2023, the Group continued to consolidate sustainability aspects in its lending processes, with the aim of adopting an increasingly responsible approach and contributing to the progressive awareness of its target customers towards ESG-compliant economic models. During the year, in fact, the integration into the system of the running data of the appraisals for real estate used as collateral for loans already in the portfolio and securitised, with the information on the energy class resulting from the APE certificate, was completed, and the related process was also adjusted with regard to new loan applications.

With regard to the integration of the APE data of real estate taken as collateral in the valuation and credit granting process, in particular, the preparatory analysis began to request the infoprovider to develop an application that would make it possible to parameterise the LTV and LTC value based on the energy class of the property. By 2024, the related credit strategy will be defined and the LTV and/or LTC thresholds will be identified by APE classes with their implementation in the credit granting operating procedures.

With regard to the integration of climate risk (in its two components of physical and transition risk) into the process of assessing the creditworthiness of business counterparties, the information input of the related data within the credit facility file was activated. This information was also massively extracted with reference to the entire loan portfolio to allow an initial risk analysis. In the course of 2024, the modalities for using climate risk information in the credit granting process will be defined, with the implementation of the credit policy tool in order to include the climate variable in the assessment of the individual transaction.

With regard to the integration of an ESG Score in the credit rating assessment process through the collection of information from various sources, both internal and external, tending however to favour data from customers collected through special questionnaires, the methodological assessment is being completed for the integration of data (and in particular the results of questionnaires) into the scoring model. In 2024, both the release of the application and the definition of the methods for using the Customer's ESG Score in the credit granting process are planned.

Finally, with regard to the integration of the physical risk of each individual property to support the valuation of the buildings used as collateral for credit transactions, the process of choosing a supplier has begun, which will be followed by the functional analysis and development of the application during 2024, to then proceed with the implementation of the credit strategy.

The macroeconomic scenario

In the Public Statement of 25 October 2023, ESMA summarised the main variables that affect the current macroeconomic scenario, focusing in particular on the rally in interest rates and the resulting risks. In the third quarter of 2023, conditions in the international financial markets worsened. The intensification of geopolitical tensions, the worsening of the Chinese economy and the increased rigidity of credit supply conditions (in Italy, as well as in the Eurozone as a whole), are configured as

downside risks for economic growth. Since the beginning of 2023, inflation has started to fall in the wake of falling energy and commodity prices. Rapidly rising interest rates increased banks' vulnerability to sudden deposit outflows and led to turmoil in the banking system and the failure of some US and European banks.
Specifically, the situation of instability and uncertainty has 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 management of the proprietary portfolio in 2023 was affected by various issues that guided market movements and focused attention on certain risks. In response to market developments and in light of the financial turbulence caused by the failures of some US regional banks and Credit Suisse in Switzerland, the Bank implemented funding transactions that also allowed the partial early repayment of the TLTRO tranches. The HTC and HTCS portfolios of owned securities were reduced during the year and the interest rate risk was actively managed through the use of Interest Rate Swap derivative instruments.

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 and to inflation, 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. This eventuality has been duly taken into account in the planning activities.

In January 2024, the Group has approved the 2024 Budget (the last year of the three-year 2022-2024 Strategic Plan); in its drafting, focus was on activity planning and on the sustainability assessment of the business model in light of mutating scenarios and structural changes under way in the reference market.

The commercial policy

As at 31 December 2023, 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 32 Business Managers and 48 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, 4 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 and 1 each in the provinces of Verbano-Cusio-Ossola, Genoa, Bergamo, Padua, Verona, Treviso, Venice, Imperia and Vicenza.

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 86 as at 31 December 2023.

With regard to commercial policy, in 2023, business strategies continued to be applied Group-wide, thanks to the collaboration and coordination between the different operating units. Attention is 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 introduced policies to strengthen the synergies created over the years with local institutions and associations to support economic and social development.

Based on this consideration, a new survey was carried out between October and November 2023, in collaboration with AstraRicerche, aimed at the corporate target with the objective of investigating the level of customer satisfaction, highlighting strengths and identifying potential areas for improvement in the Bank. The main objectives of this survey were: to communicate to customers the attention paid to ESG issues related to sustainability, to make them aware of subsidised finance and insurance coverage products and services, and to highlight needs and requirements in the foreign sector. The survey was administered to business customers, by sending a questionnaire via email and found a Redemption of 1,800 customers, who expressed a medium-high level of satisfaction also confirmed by the positive result of the Net Promoter Score. The latter figure shows that 75.1% of our business customers would recommend Banca di Asti to their families, acquaintances and friends. Among the competitive advantages with which the Bank differentiates itself most from its competitors, the focus on customer relations, staff competence, honesty and friendliness of the branches, confirming the strong territorial nature that characterises the Company, stand out.

Corporate product range

As regards the disbursement of loans to businesses, the consolidated presence in the relevant areas requires particular attention to be paid to customers' needs. This focus is mainly on micro, small and medium-sized enterprises, which, together with households, play a fundamental role in the social and economic context in which the Bank operates.

Also in 2023, the Cassa di Risparmio di Asti Group continued to provide support to companies, and in particular to those directly or indirectly affected by the instability of the economic and geopolitical situation.
Among the initiatives dedicated to them, the main ones are:

- Loans of up to € 62,000 with a 100% ISMEA guarantee, targeted at SMEs active in agriculture and fisheries;

- Loans secured by the Central Guarantee Fund up to 80%, with the possibility of extension up to 90% for energy efficiency projects aimed at SMEs;
- Loans backed by a 90% SupportItalia guarantee, issued by Sace S.p.A., for enterprises of all sizes.

The “Innovando Agricoltura” and “Innovando Imprese” credit lines were confirmed. In addition, the disbursement of transactions under the “Nuova Sabatini” Law continued, aimed at Small and Medium Enterprises (SME) and aimed at financing investment programs at particularly advantageous conditions.

With regard to subsidised loans, our Bank has also adopted the following new measures promoted by Finpiemonte, as part of the 2021/2027 PRP-FESR (Prevention Regional Plan - European Regional Development Fund):

- “Energy efficiency and renewable energy in companies”: energy efficiency and promotion of the use of renewable energies in businesses;
- “Digitalisation and production efficiency of businesses”, aimed at promoting the digital transition of the entrepreneurial system and supporting the competitiveness and sustainable transition of the regional production system;
- “Attracting and supporting the propensity to invest in the territory”.

Financial support takes the form of a loan granted partly with Finpiemonte funds at zero interest and partly with bank funds at variable or fixed rates and, limited to SMEs, of a non-repayable grant to cover eligible expenses.

In the agricultural segment, subsidised agricultural loans continued to be disbursed pursuant to "Regional Law 63/78, Article 50", aimed at individual and associated farmers. To encourage the acquisition of new customers operating in the agricultural and agri-food sector in the Provinces of Brescia, Bergamo, Padua, Verona, Treviso and Venice, the Cassa di Risparmio di Asti Group has allocated a ceiling of € 30 million to grant loans on particularly favourable terms, secured up to 80% by the Central Guarantee Fund.

In 2023, the European Investment Bank resolved a credit line in favour of Banca di Asti for a total of € 100 million that can be used for granting medium/long-term loans, mainly to support investment programs and working capital requirements of SMEs in the agricultural and agri-food segment. To this end, on 14 December 2023, the first tranche of € 50 million was made available by the EIB.

The Bank entered into a new agreement with Illimity Bank aimed at reporting customer companies, established in the form of joint-stock companies, potentially involved in interest rate hedging services through OTC derivative financial instruments.

In 2023, the Bank continued its collaboration with Aosta Factor, a company active in the factoring sector since 1991 and part of the Finaosta group. This made it possible to further consolidate and diversify the set of credit services offered to business customers.

In addition, the synergetic collaboration with the company Credit Data Research Italia Srl (CDR) continued to provide additional consulting services to companies, focusing on corporate finance and competitiveness. The CDR's offer aims to encourage and incentivise investment opportunities for companies through a wide range of different instruments, such as subsidised loans, tax credits, vouchers, non-repayable grants or at subsidised interest rates. In addition, numerous services were made available to customers, including the provision of a transparent and comprehensive credit profile for commercial and financial counterparties, in addition to the issue of environmental certifications for occupational safety or regulatory compliance (e.g. GDPR), in order to increase the competitive advantage of each company.

The partnership with CDR generated positive impacts not only with reference to consulting services provided to customers, but also with regard to internal training of the Sales Network; to this end, in May 2023, a training event was organised in collaboration with CDR's R&D experts for Green Business Managers and colleagues in the Commercial Credit Department, concerning the NRRP Tenders for Proposals with topics related to the agri-food sectors. Specifically, the topics covered concerned: agricultural photovoltaic development, Parco Agrisolare, mechanisation fund for the agricultural sector, fund for innovation in agriculture.

The offer to companies continued with short- and medium-term Minibonds, a bond instrument that represents a financial source complementary to bank lending and which makes it possible to reduce dependence on traditional forms of loan.

During the year, our Group continued its agreement with the company L'Imprenditore S.r.l., owner of the Leanus platform. This platform aims to implement pre-analysis tools to research and acquire new business customers, aiming at an informed and constructive dialogue with the entrepreneur. The initial assessment of potential new customers takes place through the access and analysis of financial statement data, the formulation of ratios, the calculation of the risk profile and the comparison with sector benchmarks.

Within the framework of the *Your Advisor* Workshop, as far as the National Recovery and Resilience Plan or NRRP is concerned, the Offices of the Business Market Service continued their monitoring activities on the measures set forth in the plan. Following a careful selection process (consistent in terms of sector and type of intervention with the Bank's strategies and the territories in which it operates), training activities were carried out between July and October 2023 for the Network and customer outreach, in order to make companies aware of the various opportunities.

To promote and support business investments in projects with a positive impact on sustainability, the Bank maintained the allocation of the “Nuove Energie” ceiling of € 100 million for the disbursement of mortgage, land and unsecured loans in the medium-long term. These loans are aimed at the construction of plants dedicated to the generation of electricity from renewable sources, with a 60% reduction in credit application fees. In May 2023, the Group allocated € 50 million to companies for the granting of loans to support water savings investments (e.g. irrigation systems) with a projected 60% reduction in credit application fees.

Following the violent hail of 6 July 2023, which affected large areas of Piedmont, a ceiling of € 20 million was allocated to the granting of short and medium/long-term loans aimed at supporting the damaged companies. In view of the ongoing climate change and the calamitous events that are occurring more and more frequently in the area, an additional ceiling of € 30 million, at particularly favourable interest rates, was also approved to support companies that suffered damage in 2023 or may suffer damage in 2024 due to natural disasters. Both ceilings provided for zero credit application fees.

On 30 November 2023, the Bank, in collaboration with Consorzio Barbera d'Asti e Vini del Monferrato, organised an event with the aim of exploring the issues of climate change and economic sustainability in the wine production sector. During the event, information was shared on the new financial instruments to support companies to encourage and facilitate the environmental transition.

Private customer product range

With regard to consumer credit, in 2023, the Group once again confirmed its focus on the world of individual and household customers.

The Bank assisted its Customers through concrete actions, with the aim of strengthening the value of the relationship. The Erbavoglio Gold product, which complements the traditional Erbavoglio line by providing for amortisation to begin six months after the loan is granted, continued to be offered. For the first 6 months, the Customer does not make any payments. 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 2023, Banca di Asti focused on the needs of young people on their path from schools and university education to the fulfilment of their life plans. The commercial offer, which provides particularly advantageous rates, is aimed at young people up to 30 years of age. To make the offer smarter, young people with Banca Semplice Home internet banking service can apply online for the "Erbavoglio Young 18-30 Online" loan at the advantageous rate set without credit application fees to be entirely completed online.

The Bank also 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), of the Training and refresher courses of the Institute of Applied Art and Design IAAD (TO) and of the *Masters in Hospitality Management* of Città Studi Biella.

To demonstrate the importance of sustainable growth for the Bank, in 2023 the sale campaign “... Muoviamoci con Erbavoglio" [Let's move ahead with Erbavoglio”] was also launched, a specific initiative aimed at creating and consolidating long-term values in terms of trust and sustainable growth over time. The initiative provided for a particularly advantageous rate in the case of the purchase of a full-electric vehicle of your choice including a passenger car, a motorcycle/moped, a bicycle or a scooter (whether or not taking advantage of any state tax incentives).

Lastly, again in the consumer credit area, with the cooperation of the subsidiary Pitagora S.p.A., reporting activities on customers interested in salary or pension assignment loans, in the Anticipo TFS/TFR (TFS/TFR Advance) and in Piccolo Prestito (Small Loan) continued.

As part of the offer relating to mortgage loans to individuals, to deal with the persistence of the situation of instability of interest rates, the offer of the mortgage loan called “Casanova Rata Protetta” continued, giving the peace of mind of a predetermined maximum rate (“CAP”) if a certain threshold of the benchmark (6-month Euribor) is exceeded.

The 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 2023 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 addition to having implemented the initiatives set forth in Law 197/22 for the rescheduling of existing mortgage transactions, it joined the initiative promoted by the ABI in favour of households with floating rate mortgages without cap, in order to mitigate the impacts of the increase in interest rates on the amount of the instalments.

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 our customer about the importance of ESG factors.
The Bank is aware that the financial world not only has a key role to play in supporting Customers towards the ever-increasing sustainability to which we are all called, but can also 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 a material 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, the “Mutuo Green” ceiling has been confirmed for 2023, providing for an important economic benefit in the case of the purchase of real estate belonging to at least energy efficiency class "A" 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 range of current accounts offered by the Bank to private Customers consists of a plurality of products able to meet the different needs of Customers: the "Conto di Base" [Basic Account], with the social purpose of guaranteeing the banking inclusion of the weaker segments of the population; the "Conto Pensione" [Retirement Account], reserved for customers with limited needs for access to banking products and with low annual fees; the "Su Misura" [Custom Made] range, ideal for customers who wish to secure a number of transactions included against a fixed fee; the "Conto 8ttimo" [Optimum Account], a package account with a decreasing fee depending on the products or services used by the Customer.

The “No Profit” current account is instead an account at favourable conditions dedicated to Non-Profit Organisations and Bodies, which is also open to Religious Bodies and Orders as well as to their members.

Since 2021, the “Conto Semplice Web" [Simple Web Account] is available, designed to meet the needs of actual and prospective Customers who prefer to operate independently and express the need to guarantee a certain number of services included in a single fixed fee. From 2022, it is also possible to access the Simple Web Account online.

Particular attention was paid to the offer of current accounts for young people up to 30 years of age. In 2023, the range dedicated to young and very young people was revised, aimed at meeting their needs and developing their sense of responsibility.

The offer is divided according to defined age groups:

- “Io Conto 0 – 17” [I can count 0-17] is the new account that meets the need to renew the offer of products for children between the ages of 0 and 17, in particular with the aim of offering greater independence and operational flexibility (particularly from the age of 14) in light of the changing needs of young people. For the 14 to 17-year-old age bracket, the Current Account can be accompanied by a particular version of the *Nexi Debit* Consumer Card, called “Carta IO CONTO”, and the Banca Semplice Info service, both offered free of charge.
- “*Conto Semplice Junior Job*” [Junior Job Simple Account] 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.
- “Conto Semplice Young 18 - 30” [Young 18-30 Simple Account] is the current account dedicated to young people aged between 18 and 30. The particularly advantageous economic conditions provide a return on deposits in addition to being completely free of charge (except for tax charges). This offer also includes other advantages such as the free "Giramondo Pay"

international contactless 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. Young people aged between 18 and 30 and holders of at least 100 Banca di Asti shares can also request the “Nexi Classic” credit card free of charge.

A special initiative was activated from June to September. “SBAM! 300PERME” was created for young people aged between 18 and 30 with the aim of bringing them closer to the Bank. By opening their account, the students received € 300 in credits with which they could choose from a series of exciting, educational, fun or training experiences dedicated to them and specially selected together with the partner TLC Italia.

In 2023, 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. There were over 19,000 active Customers at the end of 2023.

As part of the offer to Customers of diversified products and services, the catalogue also includes the long-term rental service in partnership with a new supplier, Motus S.r.l. a company with solid experience in the rental sector, which offers flexible and customised solutions based on the Customer's needs: a single monthly instalment that includes insurance, maintenance, accessory services, tyre change, roadside assistance and substitute car.

As regards the subsidiary Pitagora, with a view to diversification and with the aim of expanding the range of products offered to Customers through its sales network, in 2021 Pitagora introduced the loan repayable through an irrevocable payment mandate to meet the small requirements of the Customer - an employee with a fixed-term or permanent contract - to whom it would not be possible, due to his/her characteristics and requirements, to propose the other products that are part of the Company's commercial offer (salary assignment loan and/or salary loan deduction).

In the 2023 financial year, the commercial development of this product continued, achieving positive results in terms of turnover.

Pitagora also carried out a monitoring activity in order to assess the consistency of the product over time with the needs and interests of the reference market, and identify any need to change the target market.

Lastly, it should be noted that with effect from 1 April, the name of the product was changed to “giustoXte” [right4you] with the creation of a new logo used in the promotion activities also through social media.

Direct Channels

2023 was a particularly intense year for the digital payments area, which saw the execution of two significant projects.

The most material impact on customers was the massive replacement of the historic Giramondo debit cards, both as a product owned by customers and as a new offer in the catalogue. The replacement product was identified as the Giramondo Pay debit card (debit card on the Mastercard circuit). This choice was dictated by the characteristics of the product able to meet all customer needs and improve their user experience: accepted all over the world thanks to the Mastercard circuit, operations on POS, ATMs and online, “tokenisable” and equipped with alert systems on spending amounts.

On 28 December 2023, the Parent Company transferred the business branch relating to the merchant acquiring activities to the company BCC Pay S.p.A.. This transfer by contribution that enhances the territorial presence of Banca di Asti, to which today over 9,000 merchants refer for a total of about 11,000 POS (points of sales) which during the year generated transactions for a volume of about one billion Euro, is aimed at developing, with a view to digital/fintech innovation, the offer and services to the Bank's customers in the field of merchant acquiring. The transaction took the form of the transfer by contribution of the e-money business through the contribution of the relevant business branch to the company BCC Pay of the Pay Holding Group. According to the contractual framework of the transaction, against the subscription of the capital increase of BCC Pay S.p.A., the Bank made the transfer by contribution of the acquiring business branch. Subsequently, the company Pay Holding S.p.A. purchased the newly subscription of BCC Pay shares from the Bank for an agreed fixed consideration of € 37 million. By virtue of further consideration, the framework agreement provides that Pay Holding S.p.A shall pay two variable components upon the occurrence of two conditions of a prospective nature, tied to certain economic and qualitative targets that will be assessed one year from the date of closing. The transaction has allowed the Bank to record a gross capital gain of approximately € 37 million, recorded under item 200 “Other operating expenses/income”.
At the same time, an agreement was signed with BCC Pay S.p.A. for the promotion and placement of acquiring services. In a constantly evolving context focused on a few players, a partnership was thus launched with a counterparty specialised in transactional and digital services in order to offer customers a dynamic and technologically advanced e-money service.

With regard to Telematic Services, the Group continued the development of digital services, in order to combine its roots in the territory with the strengthening of the Bank-Customer relationship. In 2023, telematic services recorded an increase in the number of active users in both the retail and corporate sectors, bringing to around 82% the diffusion percentage of Internet Banking services, whether informational or device-based, on all the Bank's current accounts (4 out of 5 accounts are connected to a telematic service). The improvement of the Banca Semplice retail service continued with the introduction of the visibility of its asset management and the restyling of the investment functions present on the web/browser application. The scope of remote operations, in continuity with the strategic choices made in previous years, was expanded with the introduction of new functions. Thanks to the digital signature and remote identification, it is now possible to open basic services also to prospective customers totally online.

In 2023, a collaboration was initiated to test blockchain technology in the area of payments. This is a highly innovative sector and the Bank's participation denotes its determination to remain aligned with the main evolutionary trends of the sector.

In line with the provisions of the 2022-2024 Strategic Plan, in 2023 the analyses relating to the projects for the gradual introduction of Multichannel in the main processes involving both the sale of banking products and services, and the remote customer advice and relations: the main releases of these evolutionary customer service processes are expected in 2024.

As part of the 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 remotely.

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

- Personal loans of up to € 15,000;
- Giramondo Pay Debit Card;
- Carta&Conto, card that can be topped up via IBAN;
- Nexi Prepaid, prepaid card;
- Credit Card with balance setting;
- “Conto Corrente Semplice Web” [Web Simple Current Account] for prospective and actual customers;
- 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;
- post-sale remote signing of various forms and contracts with a digital signature;
- renewal of personal master data and residency documents;
- due diligence questionnaire.

The OnLine Branch, together with the other structures of the Bank, works to make more and more services available with the aim of satisfying the need for Customers to carry out transactions and receive advice on the channel of their choice.

During 2023, the number of customer contacts (by phone and WhatsApp), online loan requests and the signing of after-sales and remote personal information update forms increased, confirming the need of customers to want to operate online with adequate support and advice even on products and services of medium complexity.

The subsidiary Pitagora, with a view to diversifying the channels through which it offers its products, continued the process of expanding its online sales methods, favouring commercial contact and the proposition of offers also to Internet customers by encouraging the use of computerised remote communication systems.

To this end, the Company has further invested in this process in order to implement web marketing and provide the sales network with an alternative channel to the traditional and to the partnership channels.

In particular, it has increased its commercial initiatives and campaigns on social channels, SEO, SEM, Youtube, Spotify, Netflix, improving its strategy and its presence in the web world.

Analysing the 2023 performance of the website, it results that 329,191 web page views were generated: in detail, (i) 109,311 represented new accesses by users and/or visitors, (ii) 36.0% logged in from mobile devices and the remaining 64.0% from desktop PCs.

The use of SEM and PMax campaigns, promotional videos on the Youtube channel and ads on social media have generated 13.6 million impressions and 696,902 clicks, with a propensity to access via mobile devices (96%) against only 4% through Desktop and Tablet devices.

These significant data contributed (as well as to the growth of the business) to an optimisation of the brand exposure.

Banking Centre

The Banking Centre provides specialised assistance to private customers on internet banking services – desktops and app– to accompany them in the process of using multichannel systems and to ensure an important level of security for customers.
A feature of the service is to maintain the centrality of the direct relationship with customers who, by contacting the Banking Centre, have the opportunity to dialogue directly with the Bank's staff, without the intermediation of complex automated responders, chatbots or bots.

To maintain the service at excellent levels, the Banking Centre uses an outsourcer who intervenes in the management of the overflow in case of unforeseen event involving a sudden increase in reports.

During the year, the Banking Centre’s activities were characterised by:

- a gradual improvement in performance;
- the introduction of important technological innovations;
- the adoption of specific operations against online scams.

2023 recorded a gradual increase in the number of reports due to the physiological increase in the number of customers active on digital channels and the complex operations adopted to curb the phenomenon of online scams. Nonetheless, the use of overflows was reduced thanks to the addition of new resources and the adoption of a new contact centre management system that streamlined and made operations more fluid. The total number of calls handled by the assistance service was approximately 150 thousand, 97% of which were processed by the Banking Centre.

During the year, the operating unit undertook an important technological development project with the activation of Service Cloud Voice, the Salesforce function that integrates the telephone channel with the CRM. The transition of the contact centre from a traditional call management system to an evolved cloud platform took place in continuity with the Bank's adoption of the Salesforce's Customer Relationship Management system. The migration to the new system, which took place in July and is still being consolidated for customisation of the tool, has allowed an optimisation in call processing and achieved higher efficiency. The average time for handling reports decreased by 12%, with greater customer satisfaction and an average savings of around 50 hours per month.

The measures introduced to manage operations in the event of scams, despite slowing down the management of reports, have proved to be very effective in identifying cases of spoofing. Thanks to these new measures, calls from scammers who simulate the customer's phone number, fraudulently stolen through the sending of SMS containing links to clone sites, are immediately intercepted and the links are reported for timely removal.

Particular attention is paid to training, both technical, on products and on the use of tools, and mandatory training, aimed at obtaining and/or maintaining specific certifications – for example in the field of finance or insurance. This is complemented by continuous training in soft skills, which is indispensable to strengthen the spirit of belonging, improve communication and listening skills, maintain and enhance empathy, patience, and the ability to handle long-distance relationships and conflicts.

In view of the highly educational value of assistance work, which allows for the acquisition and enhancement of soft skills and in-depth knowledge of digital channels, during the year the Banking Centre has hosted students from "Università del Piemonte Orientale" as interns: this experience has contributed to enriching their knowledge and curriculum vitae.

The Bank’s Shareholders Project

With a view to consolidating its relationship with customers who are Shareholders, the “Progetto Soci della Cassa” project, launched in 2011, was renewed for 2023. 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.

In addition, 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 Shareholder 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 limitations due to the pandemic, since 2022 the Bank has returned to offering its shareholders the traditional musical show for the Christmas holidays, which was attended by as many as 12 thousand members and customers.

Foreign sector

The year 2023 was characterised by an international economic outlook marked by high uncertainty and risks mainly related to the escalation and spread of geo-political tensions and less favourable financial conditions.

As far as imports are concerned, there was a year-on-year, geographically widespread decline, more than two-thirds of which was due to the contraction in energy purchases.

On the other hand, as far as exports are concerned, the positive trend in capital goods continued, thanks in particular to the marked growth rates of tooling mechanics and transport equipment sectors. Less vibrant but still positive was the performance of consumer goods, foodstuff and beverages. Positive signs are also to be reported by companies that, realising the international awareness of the Twin Transition issues, have embarked on the green and digital transition path with the knowledge that these sustainability actions can make them more competitive internationally.

In order to support companies in seizing the opportunities for development and growth on the international scenario, the Bank has maintained a constant and continuous dialogue with the entrepreneurial network not only by supporting it with a wide range of products and services, but also by organising a free training seminar aimed at wineries with the objective of illustrating the dynamics of planning, communicating and selling wine directly, online and abroad.

Financial sector

In the area of funding and investments, Banca di Asti has focused on pursuing the objective of enhancing its relationship with the Customer, understood as a constant and lasting relationship over time. In the course of 2023, in light of the changed market context that recorded the return to positive territory of government bond yields, the Bank enriched its range of funding instruments through its own fixed-, variable- and mixed-rate bond issues, as well as the use of fixed-rate and step-up term deposit accounts

The offer of direct funding together with the mutual investment funds range and with the asset management service have been the main instruments used when providing advice to customers to increase the level of portfolio risk diversification and to guarantee the professional management of the same.

Through the advisory service, which makes use of specially developed simulation and periodic reporting tools, Customers are supported not only by the Managers of our branches but also by specialised staff consisting of Investment Advisors and Private Bankers with a view to defining a personalised asset allocation of the individual customer's portfolio.

During 2023, the “Patrimonium” management service was expanded with the introduction of two new lines called “Classic Obbligazionario Italia and Trainer Italia”.

The “Classic Obbligazionario Italia” provides for an exclusively bond allocation with a focus on Italy, being able to invest on different sections of the curve, while maintaining an overall short-term duration. On the other hand, Trainer Italia, respecting the philosophy of the reference range, aims to allocate the equity component to a contractually defined target level through an accumulation logic characterised by four cycles of two-years each until 2031, while the bond component is proportionally aligned with the "Classic Obbligazionario Italia".

At the same time, the range of modules available within the Multiline Asset Management was expanded with a new module called "Multilinea Obbligazionario Italia", built with the same allocation as the Classic Obbligazionario Italia line.

During 2023, the equity lines "Trainer Azionario 30% 2031", "Trainer Azionario 50% 2031", "Trainer Azionario 90% 2031" were also issued.

As regards financial and insurance business, marketing of the 'Helvetia Multimix' product has also continued in 2023, 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 different 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 and Welfare Sector

The partnerships with the insurance companies Gruppo Helvetia, CNP, Nobis, Groupama and AIG were retained in 2023 for the insurance sector.

In 2023, Banca di Asti also started insurance distribution through external Networks; under contracts stipulated with leading credit brokerage companies, registered under letter E of the Single Register of Insurance Brokers, insurance proposals are now also made on behalf of the Bank by the employees of these companies. These employees therefore propose insurance solutions from partner companies to customers who are offered a "Casanova" mortgage.

In the insurance field, the Bank is committed to continuously improving the range of products and services reserved for its customers.
During 2023, in collaboration with the Company Helvetia Assicurazioni, with a view to increasing the loyalty of target private customers, two new proposals were added to the catalogue: “A spasso con Chiara” [Out and about with Chiara] and “Protezione Persona” [Personal protection].

In 2023, the non-life and life saving insurance segments recorded an increase in premiums, exceeding € 70 million, together with the Welfare segment.

Banca di Asti maintains a strong focus on the “Welfare” areas in collaboration with Società di Mutuo Soccorso FAB SM, which in 2023 changed its name to “SALUTISSIMA SMS ETS” and consolidated the merger between FAB SMS and SEB SMS. The operation aims to further strengthen awareness of the “Salutissima” brand and expand the possibility of offering new welfare solutions for companies as well, a powerful tool capable of generating benefits for both the company and its workers. By using Corporate Welfare, both the company and the worker obtain an important economic advantage, allowing significant savings in terms of taxes and contributions to the net advantage of employees.

The merger also allowed to increase the membership base, which now stands at over 42,000 patients.

Salutissima proposes its Health Plans through its Supporting Members, true partners of Società di Mutuo Soccorso. Reliability, customisation of the offer, take-over, innovation, training and partnering with centres are the cornerstones of the relationship developed with the partners.

These Health Plans include the supplement of additional services offered by the Bank, 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.

Salutissima aims to spread the values of the Well-being Culture. In this perspective, the “Camper della Salute” [Health camper] initiative, through which free preventive services are provided, continues to be active. In addition, “Salutissima” promotes and supports other educational, cultural and research activities aimed at health prevention and the dissemination of healthcare values, as well as social initiatives for the benefit of the entire community.

The projects are related to the seven pillars on which the services that "Salutissima" provides to its Patients are based: medical care, assistance, prevention, dental care, telemedicine, nutrition, exercise.

During 2023, "Salutissima" and "Centri Dentistici Primo" [Dental Centres] opened a new multi-specialty facility of over 750 square meters in Via Carso 15/B in Biella in October. The new office provides citizens with dental care and numerous specialist visits, including physiotherapy, nutrition, cardiology, osteopathy and otolaryngology. The facility has received the authorisation for Chirurgia Ambulatoriale Complessa (CAC) [Complex Outpatient Surgery]. The dentists will be able to perform surgical

interventions with the assistance of medical anaesthetists and resuscitators. In this sense, it will be possible to use conscious sedation techniques, improving the safety and comfort of interventions and post-operative progress.
Since the opening of the Outpatient Clinic to date, more than 600 specialist services have been performed.

The goal for 2024 is to further increase the services available at this multi-specialist centre, including the possibility of taking samples both in agreement with the NHS and in the private regime.

The subsidiary Pitagora and the subsidiary We Finance continued, in 2023, to consolidate their partnerships with leading insurance companies to cover their credit risks in order to offer a high-level and competitive product, also with a view to saving on financing costs through the salary and pension assignment loans.

More specifically, they have 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, Cardif Assurance, Harmonie Mutuelle, Iptiq Life and ElipsLife (Swiss Re Group), Allianz Global Life, BCC Vita, Genertel and CNP Vita Assicurazione, partners that specialise in insurance cover and protection from credit risks and/or life insurance cover, compulsory for salary and pension assignment loans.

During 2023, as part of an expansion of relations with new insurance companies and diversification of credit risk in compliance with internal regulations, new agreements were formalised with Allianz S.p.A., with Genertellife S.p.A. and, with regard to We Finance, with 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.

Pitagora has also performed a market benchmark analysis of the leading insurance companies in the salary and pension assignment loans sector, in relation to economic terms applied with the aim of also being able to contain costs for customers.

This analysis has confirmed that the insurance costs applied by Pitagora's partners are in line with the market and, with specific regard to coverage of loans to private sector employees and pensioners, are among the best within the scope of the reference benchmark.

Communications: advertising and PR

The 2023 advertising communication activity saw the continuation of the institutional campaign that began in 2022, “Usiamo tutti i mezzi per essere al tuo fianco” [Let's use all means to be by your side] in the first few months of the year.

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 the personal relationship with the customer in the branches as well as online.

The month of June involved prospective customers under 30 with the “SBAM” campaign, thanks to which the new customers subscribing the “SBAM” current account received a credit of € 300 to be spent on their passions: gaming, food delivery, travel, music and much more.
From a commercial point of view, a significant return was recorded with an increase of over 60% in accounts opened compared to the historical average. Alongside SBAM, a commercial initiative linked to the POS world with a subsidised fee was developed and published to make prospective and actual customers more aware of this important collection tool. This campaign also recorded an increase in the sale of POS devices.

The allocation of loans dedicated to businesses to support water savings, the energy reclassification of buildings and the construction of photovoltaic systems was promoted. The second half of the year was characterised by the parallel release of two campaigns: on the one hand, the offer of 4% for 6 months on amounts transferred to Banca di Asti for the commercial development of new customers, and on the other, the subsidised interest rate loan for the purchase or the purchase with renovation of a new property.

Information campaigns on the prevention of online scams were carried out during the year, by periodically sending to all internet banking customers information bulletins such as “Banca di Asti informs: beware of online scams”.
To mark the Christmas holidays, a greeting campaign was created, focusing on relationships and dialogue both at the branches and online to realise dreams and projects together with one's Bank. In this regard, this initiative was accompanied by a more institutional campaign to communicate the value of the consultant figure.

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

In addition, a personnel search was carried out during the year, widely disseminated through digital, social media and online recruiting platforms.

The year 2023 also saw the start of a journey to bring the Bank more extensively onto social media platforms, starting with LinkedIn, and later on to Facebook and Instagram.
The key idea for the development of this project was to use social media channels, transversal to the customers of the Group's banks, mainly to disseminate and share institutional messages related to the ESG, fraud prevention and personnel recruitment.

Sponsorships

Sponsorship activity has mainly focused on supporting initiatives of a sporting, cultural and social nature, favouring entities, associations, companies or groups that are already customers and in all events operating on served areas; these interventions confirm the Group'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 was ensured at events held in the region: among the most significant were the Douja d'Or, the Palio and the Magico paese di Natale in Asti, Fattoria in città in Vercelli, the exhibit “Tre mostre per un fotografo. Enzo Isaia” and the exhibit “La canestra di Caravaggio” held in Asti, the cultural festival “Fuoriluogo” and the exhibits “Jago, Bansksy e Tvboy e altre storie controcorrente” and “Giacomo Manzù, scultore e scenografo” in Biella.

Also in 2023, Banca di Asti confirmed its contribution for the awarding of the 2022/2023 scholarships in collaboration with Fondazione Cassa di Risparmio di Asti and UniAstiss. The initiative provides for the granting of a scholarship of € 500 (gross of any legal deductions) for each student of the Secondary Schools of Asti and the Province, or resident in the Province of Asti who has attended a school outside the province and that, in the 2022/2023 school year has graduated with a score of 100/100.

Thanks to the synergy between Banca di Asti and the Municipality of Verona, a play area was created for families, redeveloping a green area of the city. It is a space designed with anti-shock flooring to ensure a safe and protected environment, designed taking into account the needs of young and old: a place to allow families to spend time in total safety and harmony with the surrounding nature.

A number of events were organised during the year, including:

- Vinitaly: the Bank actively participated in the event with the presence of a booth in the Piedmont pavilion and one in the Veneto area;
- Christmas concert dedicated to Shareholders: 13 performances in 7 theatres, hosting approximately 14,000 people;

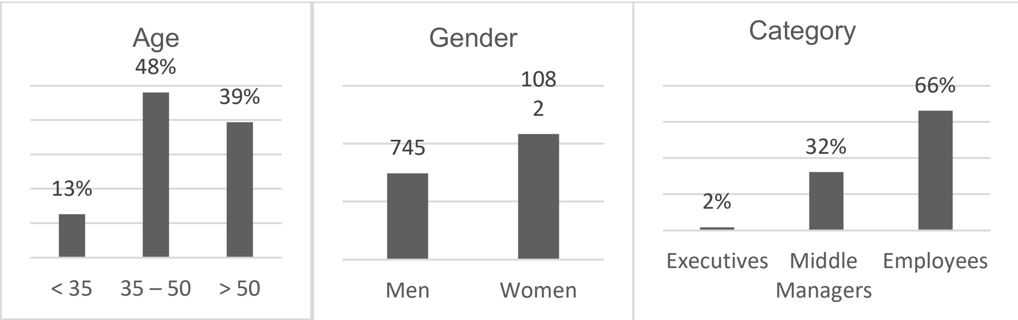
Human resource management

The management of Human Resources in the Banca 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.

As at 31 December 2023, there were 1,827 employees, an increase of 17 units compared to the previous year.

In continuity with 2022, also this year, in addition to the search and selection methods already in use, the hiring and recruitment of human resources in the workforce continued to be carried out using the staff temporary employment contract for an initial duration of six months, renewable for a further six months if necessary, thus being able to assess, over an adequate time period, the professional characteristics and operational contribution that the people identified will be able to guarantee, in order to assess their permanent employment.

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



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.

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 2023, in view of the inauguration of the new Training Centre at the Palazzo Canton del Santo, the provision of face-to-face training was reactivated within the Group, 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 training/FAD (remote learning), 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.

Overall, Banca di Asti staff benefited from 11,242 man/days of external webinars, video lessons, e-learning/classroom and on-the-job training activities, involving 1,590 employees and an average of over 53 hours per participant.

The new 2022–2024 three-year Training Plan of the Bank 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 objectives in line with the strategic and organisational choices declared in the 2022 - 2024 Strategic Plan.

In 2023, events dedicated to Managers and Young People continued, in order to enhance resources and their specific skills, through collaboration with leading training companies, such as Training Meta and Ambrosetti, specific for Executives and Managers, and Consea for young people.

Particular attention was paid to specialist training, developing courses linked to the role held, as well as individual courses aimed at obtaining certified qualifications in the financial and insurance fields.

The 2023 Training Plan offered by the Bank 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;
- “Formazione ESG” [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; the Bank also joined the "ESG Advisor" programme organised by ABI Formazione and EFPA, intended for Investment Advisors and Private Consultants and aimed at acquiring European certification;
- “Formazione Commerciale” [Sales Training] with a view to boosting the action of sales structures, empowering and enhancing individual staff members, the managers dedicated to specific customer segments and product managers;
- “Formazione Specialistica” [Specialist Training] aimed at encouraging an understanding of the activities carried out and an awareness of the role held within the company as well as to explore 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 2023, particular emphasis was placed on training regarding “Salute e Sicurezza sul lavoro” [Occupational Health and Safety], subject to ISO 45001: 2018 certification; in the credit area, in continuity with 2022, regulatory developments made it necessary to focus specifically on the

LOM issue, while on the topic of anti-money laundering, meetings were held on the subject of reporting suspicious transactions.

In the area of personnel training, in 2023 the Group subsidiaries Pitagora S.p.A. and We Finance S.p.A. continued to provide training modules with the aim of maintaining the companies' constant commitment to promoting professional and personal development, contributing to the collective success of their respective organisations.

Overall, the personnel of Pitagora S.p.A. and We Finance S.p.A. received 2,285.5 hours of training including webinars, classroom activities, e-learning content and live streaming.

The subsidiaries' 2023 Training Plan was designed to achieve the following objectives:

- provide employees with the information and skills necessary to carry out the tasks assigned;
- increase the professionalism of employees through the enhancement of their knowledge and skills;
- meet the regulatory obligations in force for the specific sector.

The 2023 Training Plan was structured into the following Subject areas:

- “Formazione Manageriale” [Managerial Training] aimed at enhancing the resources and project management skills, intended for personnel holding middle management or executive positions;
- “Formazione ESG” [ESG Training] intended to contribute to the evolutionary path towards the integration of ESG (Environmental, Social, Governance) factors in the Company's business models;
- “Formazione Specialistica” [Specialised Training] aimed at providing advanced knowledge and specific skills necessary to increase professional performance;
- “Formazione Continuativa – Obbligatoria” [On-going - Compulsory Training] focused on updating competences with respect to regulatory provisions. During 2023, particular attention was paid to mandatory training for those who have received the appointment of RLS, First Aid Officers and Fire Fighting Officers; steady focus on “Salute e Sicurezza sul lavoro” [Occupational Health and Safety”] was also maintained. For newly hired personnel, continuity was also given to the Labour Law, Privacy, Anti-Money Laundering, Transparency, Italian Legislative Decree 231 and administrative offences and Cyber Security modules.

With regard to the subsidiary Pitagora, in 2023 the Company continued its training activities aimed at both employees and the agents' sales network.

As regards 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 availed itself of the support offered by the trade association Assofin (Assofin Formazione).

In detail, the training course of 30 hours was provided to 240 participants through an e-learning platform, which allows the filing of the attendance register and teaching materials provided by the lecturers, as well as the conduct of a test to verify the knowledge acquired, as well as the issuing of a certificate in the case of successful outcome of the aforementioned test.

This training focused on the activities carried out by the OAM, the activities of the Banking and Financial Arbitrator with an in-depth analysis of the most relevant issues for the consumer credit sector and, in particular, the analysis of the Lexitor case, the regulatory framework governing the activities of agents engaged in financial activities and of credit brokers including all related requirements, the technical and regulatory aspects of the various technical forms of consumer credit, an in-depth analysis of the requirements of transparency and POG, the impact of the green factor on the sector and analysis of financing to support the green transition of households, the assessment of creditworthiness with particular reference to the issue of credit scoring and the regulations on over-indebtedness, the financial system and credit intermediation, professional ethics and fairness in relations with clients, and finally the applicable regulations:

- on anti-money laundering and anti-usury matters with analysis of legislation, reference practices of ABF rulings and case law guidelines;
- on consumers protection;
- on the protection of personal data and the administrative liability of legal entities.

The Company has also organised classroom training days at the SAA – School of Business Administration – of the University of Turin, which involved the entire sales network. This initiative, in which the various central functions also took part, represented, among other things, an opportunity for discussion on daily corporate operations.

During 2023, training activities continued being strongly incentivised, also through the Academy for potential candidates interested in taking on the role of financial agent directly conferred by Pitagora (the “Prospect Agents”).

Pitagora has adopted a system of quality indicators for the work of its Network, monitored monthly by the Risk Management Function; verification activities are also carried out through the Internal Audit Service by means of remote and on-site analyses, as well as by virtue of the service agreement in place with the Compliance Function.

Furthermore, Pitagora devotes considerable attention to the training of the Network, aimed at fostering the acquisition of technical operating skills and capabilities directly necessary for the exercise of the profession, as well as the achievement of appropriate levels of theoretical knowledge and communication with customers.

As regards the subsidiary We Finance S.p.A., training activities in 2023 focused mainly on the fulfilment of regulatory obligations. More specifically, the company dedicated space to the training of the Network, aimed at mandatory professional updating for the collaborators of Agents and Brokers. In addition, both employees and network staff were involved in several training sessions to learn the new Management Information System, which enabled the company to use the same system used by Pitagora S.p.A. and more specifically to cover all processes relating to the proposal and taking of credit as well as part of those relating to credit management.

Finally, during the first quarter of 2024, the company is expected to adopt a platform for the subscription of pre-contractual and contractual forms in “Fully Digital” mode.

The environment and ESG issues

The Cassa di Risparmio di Asti Group, sensitive to and aware of the value of "sustainability", has undertaken a structured path through "green" activities and initiatives as early as 2016, with the drafting of the first Non-Financial Statement, the construction of the first zero energy impact branch and the achievement of the "*Green Globe Banking Award*". These activities have intensified over the years so as to play a leading role in ESG issues.

In 2023, the Group continued the process undertaken in previous years in relation to Sustainability issues in order to achieve continuous improvement of the planned ESG (Environmental, Social, Governance) indicators and targets. The Group, which has always been close to the communities in which it is rooted, aims to actively contribute to bringing about a positive change to make its business and that of its customers and stakeholders more sustainable.

In this perspective, the Group is continuing its evolutionary path in the area of sustainability, integrating ESG factors into the corporate strategy, in line with the 2022-2024 Strategic Plan. A first step has involved the establishment of a permanent cross-functional ESG working team at the beginning of 2022, with the task of constantly analysing the relevant regulatory context, fostering the development (with the involvement of the relevant corporate Functions) of all ESG issues on the application level, carrying out effective communication and realising actions in order to implement the targets defined in the 2022-2024 Sustainability Plan. In 2023, following the establishment of a specific ESG organisational unit, an evolution of the ESG Project has taken place through the transition to a work model with 3 Thematic Areas (Integration of ESG risk factors in the phases of the credit process, New development of products, Monitoring and Reporting) with further internal initiatives in the areas of environment, human resources, digitalisation, communication and relations with the community, as part of the running activities of the various corporate structures and monitored by the Project.

For more details, please refer to the 2023 Consolidated Non-Financial Statement, published on the website www.bancadiasti.it in the Sustainability section.

Development strategy and projects

During 2023, activities continued to be implemented to pursue the organisational and developmental objectives set out in the Strategic Plan. 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 particular, with reference to Banca di Asti, the "2023 project portfolio" included no less than 7 E2E business process reengineering activities, 11 projects, and 3 workshops. All projects have achieved what was planned for 2023, in line with the 2022-2024 Strategic Plan. On the other hand, the two recently activated BPR programs will be implemented from 2024 - E2E Anti-Money Laundering Process Review and E2E Mobile Marketplace Process Review and Multichannel Relationship – and the Dora project, which is already in an advanced state of assessment at Group level.

Among the initiatives carried out with important results already achieved, the following can be noted.

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" continued with the constant involvement of the competent corporate functions and the support of the main technological partner ION/Cedacri. To the strategic processes initially identified for redefinition (Mortgage Loans to Private Individuals, Credit to Businesses, Opening of Current Accounts, Mutual Investment Funds and Asset Management, Master Data) the Anti-Money Laundering (AML) and Mobile Market Place and Multichannel Relationship processes were added. 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 made it possible to obtain concrete results that comply with expectations, generating value through constant and measurable progress.

After completing the *Implementation Analysis* phase for the first 5 processes under review, the iterative testing phase aimed at the incremental release of the functionalities set in MVP (*Minimum Viable Product*) was immediately activated using an agile methodology. The *User Acceptance Tests* on the Minimum Viable Product of all processes were thus completed and the *Defects* for the Master Data and Wealth processes were corrected. They are now ready to be brought into production in early 2024, in conjunction with a streamlined yet effective dissemination of the new features introduced and the simplifications implemented. At the same time, the *Enhancement requests* were also drawn up, which complete the Minimum Viable Product, improving its performance and usability. With a view to agile and continuous improvement, they will be analysed, developed and tested close to the planned releases.

With reference to the Investment Funds and Assets Management process, the AOM/ (Advanced Order Management) platform was activated, which makes it easier to enter provisions on Investment Funds and significantly reduce their time, especially in the case of complex transactions. The new function guides operators in the process from recommendation to the collection of signatures, enables constant monitoring of the progress of the process, makes it possible to use a single transaction regardless of the type of operations entered (purchase, sale or switch) and the amount of advice contained in the initial recommendation, and enables further future developments such as *Web Collaboration* (remote evaluation and underwriting of investment proposals) with significant time savings for the customer as well.

In order to expand the scope of paperless forms, also from an ESG perspective, the FEA (advanced electronic signature) was activated for the subscription of the general contracting necessary for operations on mutual investment funds, with zero paper handling time (printing, sorting, optical filing), reduced operational risks and further improved customer experience.

Particular attention was paid to the processes relating to Mortgage Loans to Private Individuals and Credit to Businesses both in consideration of the substantial testing phase carried out on the results achieved with the MVP (Minimum Viable Product) developments from a customer and operator user experience perspective, with consequent time savings and speed of processes, both in relation to the redefinition of the operational process of requesting and application processing Mortgage Loans to Private Individuals, Credit Lines to Businesses as well as Cash and Signature Credit Lines to Individuals. The review takes the form of a new guided process to collect the necessary preliminary documents from the customer, to indicate to the operator the follow-up activities to be carried out, and to track the progress of the file until the customer is informed of the progress of his/her request. As a result, it is now possible to monitor the '*time to yes*' to the customer in order to promote the target of a consistently efficient service.

In parallel, further organisational measures were taken to improve the productivity of the internal structures involved in the loan granting process.

The set of organisational, process and IT interventions, jointly planned and activated at the end of 2023, generated a significant improvement in internal synergies within the operational process which, in turn and with a multiplier effect, generated a significant reduction in wasted time and consequently the achievement of the expected result as the "time to yes" to both Private and Corporate Customer for the credit processes subject to E2E review.

In the Anti-Money Laundering area, during the year the review of the new strategic Anti-Money Laundering process was launched with the aim of automating the management of *Know Your Customer* activities and reducing the time and costs of carrying out activities. In continuity with methodology, a Business Process Analysis (BPA) was carried out, which made it possible to examine, document and codify the Bank's Anti-Money Laundering processes.

On the basis of the 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.

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 actions will allow streamlining operational processes by improving the detection of anomalous transactions based on Bayesian logic and measurable performance in the following functional areas: Adequate verification, Governance of AML processes, Unexpected evaluation, Historical data retention, SOS (suspicious transaction reports) report automation, and E2E management of AML compliance. The first release on the network was made in October.

The additional area of process re-engineering activated during the year is multichannel driven and has as its objectives the improvement of the customer user experience, the remote promotion of new products, the integration of third-party products into the bank's catalogue, the activation of multichannel sales processes, the development of the Digital Signature, the proposition of effective sales campaigns and, consequently, the expansion of the tools available to the OnLine Branch.

Completion of the Implementation Analysis (IA) phase aimed at identifying the solutions to be adopted, the design of the new digital showcase, the sales tools, the management of products and customers targeting, the collection of monitoring analytics with the definition of a roll-out plan. A *User Experience Visual Design* of the customer's Home Banking was created with the supplier, with the prototype of the new components such as Home page, Product Showcase, “My purchases” section, self-purchase of a bank and third-party product, placeholder product to provide information and schedule purchase advice with an operator, monitoring of the purchase process by the customer, multi-channel notifications.

At the end of the IA, a plan was defined with incremental releases in hybrid agile and waterfall mode, the development of which is already underway. The planned actions aimed at developing innovative solutions to even better meet customers' needs by enhancing the range of products that can be purchased in self-service mode and 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 relationships.

For 2024, the results achieved will be released into production, in line with the objectives of the Strategic Plan, and the continuous improvement phase will start, taking place in agile mode.
The methodological approach described, and now consolidated, of BPA, IA, MVP, *Enhancement requests* will be extended to other work processes.

A-IRB project

As part of the projects involving asset quality and capital issues, the AIRB project, among other things, has operationally managed the on-site inspection by the Bank of

Italy, a process that was successfully concluded by obtaining the recognition for prudential purposes of the "AIRB" internal credit risk measurement system.

The Bank of Italy has authorised the Cassa di Risparmio di Asti Group pursuant to Article 143 of the EU Regulation no. 575/2013 ("CRR") to use this system, on an individual and consolidated basis, for the Bank's "Retail" and "Corporate" exposure classes (the "Authorisation Measure"), subject to the implementation within the indicated deadlines of certain preliminary remedial actions detailed in the measure itself, concerning the entire pool of banks participating in the project, as well as further pool and bank-specific actions.

Following receipt of the Authorisation Measure, the Bank, together with the other sponsoring Banks of the AIRB Pool, has defined and launched the activities necessary to carry out the various remedial actions, within the deadlines set by the Supervisory Body, activating the project "AIRB - Remediations” still in progress.

Workshops

In line with the objectives of the 2022-2024 Strategic Plan, testing activities continued in three workshops focused respectively on Data Driven Banking, Direct Channels and Communication and Consulting to Businesses (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, an analysis was carried out on the possibilities to allow customers to benefit from remote advisory services and on the 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 bring what was tested to the ground and build the technological infrastructure to gradually introduce the concept of the “Digital Branch”.

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 in 2023. Regarding two of these, consistent – in terms of sector and type of intervention – with the Bank's strategies, some training activities were carried out on the Networks and a commercial campaign was launched to propose them to customers.

Specifically, the following activities were carried out:

- "Parco Agrisolare" Tender Offer 2023 measure: the names of more than 2,500 customers potentially interested in the measure were identified and communicated to our Networks through CRM, and training activities were carried out for Company Managers and Company Consultants;
- "Agricultural mechanisation" measure: training was carried out on the measure for Green Managers;
- “Agrivoltaico” measure: training was carried out on the measure for Green Managers.

The analysis and monitoring of the measures proposed as part of the NRRP will continue also in 2024, with training of the Networks and proposal to customers.

As part of the proposition to business customers of new specialist consulting services, three main areas were developed:

- strategic and operational consulting to support the development of business and industrial plans, company assessments, M&A process management;
- complementary finance, aimed at assisting companies in the issue and placement on the market of debt instruments such as minibonds;
- subsidised finance, aimed at obtaining and using public incentives for both non-repayable grants and tax benefits and subsidised loans.

Highly qualified partners were selected for the implementation of the services and the first contracts were concluded.

Data Driven Banking Workshop

The Data Driven Banking Workshop sought 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.

Using the same technical approach, further use cases were conducted and concluded, one in the HR area for the transfer and allocation of sales network resources, one in the commercial area for monitoring performance on consumer credit, and one in the Management Control area to track the results obtained from sales and commercial campaigns addressed to Managers and Consultants, with the aim for all of them to use data-driven logics to streamline the numerous manual data reprocessing and consequent processing of statistics.

Pitagora projects

In 2023, in line with the strategic guidelines of the Cassa di Risparmio di Asti Group, the Company Pitagora continued its activities to increase the efficiency of its information systems and operational adjustments to the new regulations.

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

- Lexitor reimbursements: in application of the "Lexitor" ruling, in 2023 Pitagora introduced a process for the management of reimbursements in the event of early repayment in line with this ruling and with subsequent rules and interpretations;
- Querying the Public Register of Oppositions: in compliance with the provisions on the establishment and operation of the public register of contractors who object to the use of their personal data and telephone number for sales or commercial promotions, following the Company's membership of the Public Register of Oppositions (Registro Pubblico delle Opposizioni - RPO);
- migration and integration of the We Finance information system: with a view to aligning the operating processes and in coordination with the Group's planning, as from 1 April 2023 the information system of the subsidiary We Finance S.p.A. was centralised at Pitagora;
- streamlining of the preliminary application processes: the Company has started the review and adjustments of the controls and applications with reference to the loan application preliminary process. To this end, specific automatic blocks were set up to monitor the activities, whitelists were expanded with insurance companies, and the notification process for salary and pension assignment loan contracts with ministerial employees was decentralised to the territorial operational units.
- commercial initiatives with banking partners: in 2023, with a view to consolidating the commercial processes currently in place with the main banking partners, the Company continued to hold events aimed at the promotion of the products offered within the bank branches.

In 2023, the Company continued its commercial relations with Cassa di Risparmio di Asti and with the ICCREA Group and strengthened its "open market" relations with Cassa di Risparmio di Bolzano and Civibank (Sparkasse Group), Banca Popolare di Puglia and Basilicata, Cassa di Risparmio di Savigliano, Banca Popolare di Fondi and Banca Popolare San Felice 1893, from which positive results were achieved.

Pitagora then launched new and strategic commercial partnerships with Banca del Mezzogiorno (formerly Banca Popolare di Bari) and Cassa di Risparmio di Orvieto, part of the Mediocredito Centrale Group, signing an exclusive five-year agreement, as well as with Agos Ducato, broker operating in consumer credit sector.

With regard to the online channel, relations with operators active in the comparison of offers of loans for households were also consolidated and the direct online procedure was developed internally. In particular, the collaborations with Younited Credit SA, Facile.it and MutuiOnline and the initiatives relating to web marketing campaigns, such as social media, SEO, SEM, Youtube, Spotify, have made it possible to obtain volumes of more than € 180 million, up compared to 2022 (+27% and +28.5%).

Analyses of the production resulting from existing agreements show that a significant part of the volumes delivered by the company is the result of solid and structured collaborations with its partners.

In line with its growth strategy, Pitagora is constantly active in analysing new markets other than traditional sectors and innovative channels that could expand the customer base, intercepting additional credit needs.

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;
- dissemination of a correct culture of risks, legality, ethics and respect for company values at all levels of the organisational structure of the individual Companies.

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

The Company Control Functions also include the Validation Function, which is tasked with continuously checking the compliance of the Internal Rating System (IRB) and the adequacy of the methods used by the Group to manage and measure risk.

The 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 on 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.

In addition to the Company Control Functions, the following Bodies envisaged by the Articles of Association or by Legislative provisions are also in place: Risks and Sustainability 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 legislative provisions governing banking activity, may be reported.

Within the Internal Control System, provision is made for communication flows, on a continuing basis, between the Company Control Functions and the Corporate Bodies, relating, in particular, to the results of control activities and the identification of remedial actions. The sharing of useful information for planning and, more generally, the coordination of activities between the different Control Functions takes place (in addition to the Group and company coordinating bodies envisaged by internal regulations) at a specific “Inter-functional ICS Coordination Group” envisaged by the Group Regulation on the Internal Control System.

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

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

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 2023, efforts continued to ensure the continuous development and improvement 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 component of the Group's business and credit risk is the most significant source of risk for its business.
Credit risk represents the potential loss resulting from changes in the customers' income generating capacity and equity situation, that occur after the disbursement of the loans, such that the customer cannot promptly fulfil its contractual obligations. Indications of credit risk are not only insolvency, but also the deterioration of creditworthiness.
When granting loans, the Group's guidelines, retained fundamental for the correct management of its loans portfolio, are based on the fragmentation of the risk among a multitude of parties (private and corporate customers) operating in different sectors of economic activity and in different market segments and the consistency of each credit facility to the creditworthiness of the customer, and the type of transaction, taking into account collateral guarantees that may be acquired.
To mitigate credit risk, during the credit facility granting process, guarantees are required, the effectiveness of which is checked periodically.
Using specific structures, procedures and tools to manage and control credit risk, the Group constantly monitors the development of doubtful exposures - considered as a whole or as individual components - and the percentage they represent of the total cash loans disbursed and signature loans granted.
Counterparty risk is the risk that the counterparty to a transaction relating to specific financial instruments defaults before the transaction is settled. This is a type of risk that generates a loss if the transactions set in place have a positive value at the time the counterparty becomes insolvent. The main source of counterparty risk is related to derivatives stipulated by the Group exclusively with institutional counterparties to hedge interest rate risk. In this regard, a form of mitigation of counterparty risk is represented by *Credit Support Annex* contracts, stipulated with counterparties, which entail setting up guarantees to cover the existing credit.

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

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

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's objective is to maintain a good balance between the balance sheet (and off-balance sheet) assets and liabilities of the banking book in terms of sensitivity to changes in the market interest rate curve.

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

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

Hedging of exchange rate risk tends towards minimising currency exposure by entering into agreements with credit counterparties intended to hedge the positions at risk.

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

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

Liquidity risk also encompasses the risk of meeting payment commitments at higher than market costs, namely incurring a higher cost of funding and/or incurring capital losses in the case of asset disposals.

The proper management and adequate monitoring of company liquidity also involves processes, instruments and methodologies that embrace distinct areas represented by operating liquidity, structural liquidity and strategic liquidity.

The Group has adopted tools and procedures to ensure effective and active liquidity management and the systematic control of the liquidity position and of the management of the owned portfolio. The Group has also long 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 poor transparency as regards the legal rights and duties of the counterparties to a transaction) and "conduct risk" (risk of losses due to the inappropriate offer of financial services and the related legal costs, including cases of conduct that are intentionally inadequate or negligent).

The areas of operational risk include customers, products and operating practices, external fraud, the performance and management of processes, employment contracts and occupational safety, damages to 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 Service, 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 has become an important element in ensuring 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 Group, as previously reported, 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 starting from 2022, the Group has activated specific project initiatives in this area.
This project has already achieved important objectives, including (i) obtaining of certifications on Gender equality, Occupational and Environmental Health and Safety, (ii) adoption of Equality, Equity and Inclusion policies, (iii) release of products for individuals and businesses aimed at fostering a sustainable economy, (iv) administration of the new MIFID questionnaire with a section on customers' sustainability preferences, (v) approval of the Sustainability Plan, and (vi) expansion of the tasks assigned to the Risks and Sustainability Committee.
In line with the Sustainability Plan, the ESG and Sustainability Office was established to coordinate and promote ESG and Sustainability initiatives as well as to be responsible for the coordination of the ESG Project and related initiatives.
The Sustainability Plan summarises the voluntary activities that the Bank intends to carry out in the area of sustainability and which are therefore in addition to the regulatory required activities.
Moreover, the ESG initiative is part of a broader legislative/regulatory framework connected with the issue by the Bank of Italy of the Supervisory Expectations on climate and environmental risks.
Taking into account the good practices recommended by the Bank of Italy following the studies carried out on a selected number of Less Significant Banks, the Group has drawn up a plan of alignment initiatives to be completed in the 2023-2024 two-year period, in compliance with the requirements of the competent Authority, while providing for an integration of the Sustainability Plan. The activities contained in the alignment plan continued on schedule and are expected to be completed by 2024.

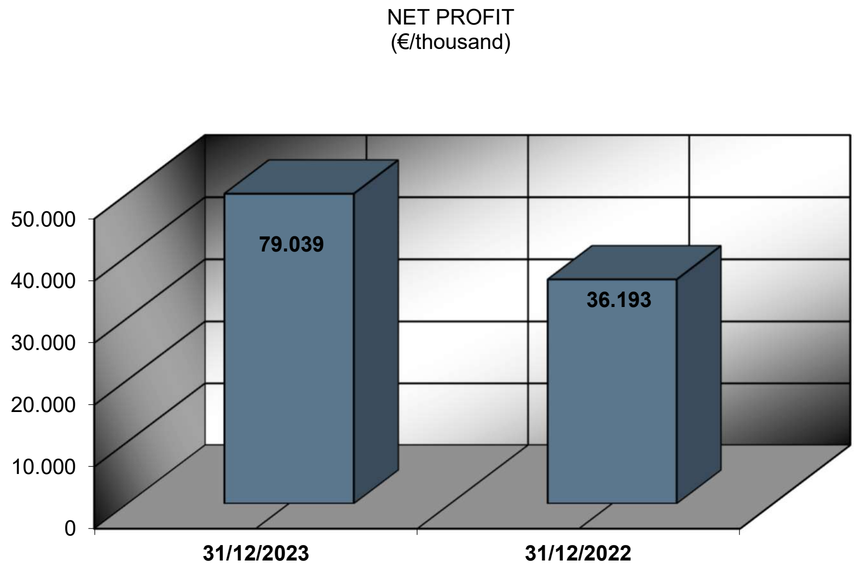
Consolidated non-financial statement

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 complex market context, the Group ended the year 2023 on a positive note, achieving a net profit of approximately € 79 million (+118.38% compared to the 2022 figure) and a ROE of 7.73%, a significant increase compared to 3.54% in 2022 (net of extraordinary revenues and costs, the ROE would be 4.32%).

The extraordinary transaction concerning the transfer of the merchant acquiring business branch contributed significantly to the profit for the year. The transaction generated a gross capital gain from the contribution of about € 37 million, which, net of direct costs and taxes, affected the profit for the year by about € 35 million. This also led to an acceleration of derisking actions on NPLs compared to what was planned.



The results of 2023 confirm the validity of the 2022-2024 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, fuelled by the continuing Russian-Ukrainian conflict and the recent tensions on the Middle East front resulting from the escalation of the Israeli-Palestinian 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 in 2023, and, at the same time, to strengthen further the Group's fundamental principles, therefore laying solid foundations for continuing to create value for its shareholders in the future as well, and, more generally speaking, to meet the needs and the expectations of all stakeholders, reciprocating the trust that they place in us every day.

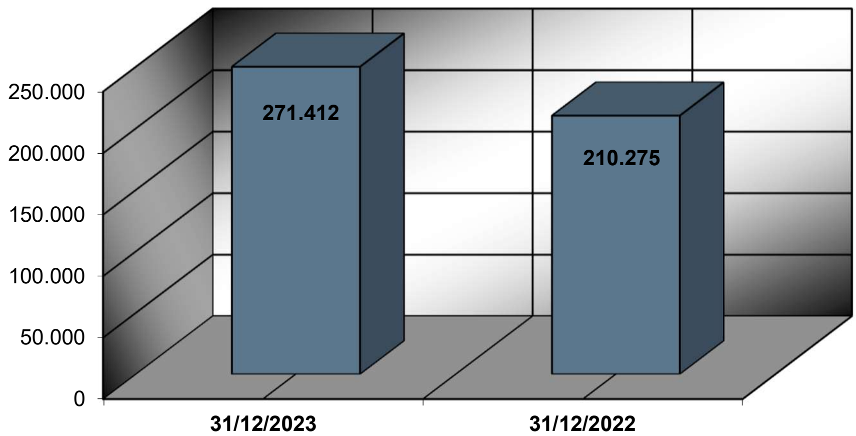
The analyses of income trends, illustrated below, refer to the Income Statement, reclassified according to operating criteria, with a view to highlighting, through the valuation of interim results, the subsequent levels of formation of the economic result. For the reconciliation between the reclassified 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 € 271.4 million, up significantly compared to the figure as at 31 December 2022 (€ +61.1 million, +29.07%), thanks above all to the trend in rates recorded during the course of the year.

The widening of the banking spread on loans and advances to customers and the increase in the rates of return on owned securities were only partially offset by the increase in the costs of direct funding and interbank funding.

NET INTEREST MARGIN
(€/thousand)



NET INTEREST MARGIN	2023 (€/thousand)	2022 (€/thousand)	% change
Interest income and similar revenues	503,764	293,184	71.83%
Interest expense and similar charges	-232,352	-82,909	180.25%
Net interest margin	**271,412**	**210,275**	**29.07%**

Gross banking income

The gross banking income amounted to around € 485 million, compared to € 436 million in 2022 (+11.31%) and included:

- net fees and commissions achieved by the Parent Company for € 134 million (-3.32% yoy);

- the net result from financial assets and liabilities amounted to € 65.7 million (-38.10%), which includes both the profit (loss) from transactions in financial instruments (amounting to € 3.7 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 € 62 million.

GROSS BANKING INCOME	2023 (€/thousand)	2022 (€/thousand)	% change
Net interest margin	271,412	210,275	29.07%
Net fees and commissions	96,102	104,412	-7.96%
- management, brokerage and consulting	*68,184*	*70,170*	*-2.83%*
- collection and payment services	*21,114*	*21,853*	*-3.38%*
- loans and guarantees	*1,730*	*1,898*	*-8.85%*
- management of current accounts and deposits	*29,332*	*30,608*	*-4.17%*
- other services	*-24,258*	*-20,117*	*20.58%*
Dividends and similar income	10,335	10,417	-0.79%
Other operating income (expenses)	41,825	4,819	n.s.
Results of other financial assets and liabilities	65,671	106,099	-38.10%
Gross banking income	**485,345**	**436,022**	**11.31%**

Net fees and commission income amounted to € 96.1 million, down by 7.96% compared to 2022. Limiting the scope of analysis to the Bank, net fees and commission income (amounting to € 134 million) decreased by 3.32% compared to the year 2022. In particular, fees and commissions received for the management of current accounts and deposits amounted to € 29.3 million, down (-4.17%) compared to the previous year, while net fees and commissions relating to the financial and insurance management, brokerage and consulting services, consisting essentially of fees and commissions received for the management and administration of indirect funding as well as those relating to the distribution of insurance policies, amounted to € 68.2 million, also down (-2.83%) compared to last year.
Fees and commissions relating to other services are negative (amounting to € -24.3 million) and mainly comprising, for the Group, fees and commissions related to credit transactions and referring to the subsidiary Pitagora. The increase compared to the previous year (+20.58%) is essentially due to the lower ratio of transfers of salary and pension assignment loans to third parties, in line with what was planned in the strategic planning phase.

Dividends on equity investments received by the Group amounted to € 10.3 million (substantially unchanged value compared to 2022) and mainly refer to the equity investment held in the Bank of Italy.

Other operating expenses and income amounted to € 41.8 million, up compared to the previous year, mainly due to the contribution of the business branch relating to merchant acquiring and higher rent income on properties.

In fact, during the year, the transfer of the business branch relating to the merchant acquiring (POS) to the company BCC Pay of the Pay Holding Group was completed. The transaction generated a gross capital gain of € 37 million from contribution, which, net of costs and taxes, resulted in an income statement profit of approximately € 35 million.

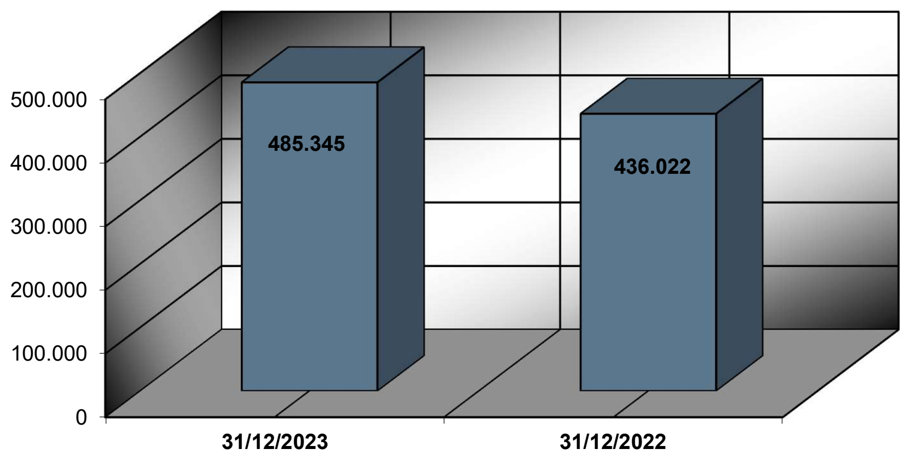
This transfer by contribution enhances the territorial presence of Banca di Asti, to which today over 9,000 merchants refer for a total of about 11,000 POS (points of sales) which during the year generated transactions for a volume of about one billion Euro, is aimed at developing, with a view to digital/fintech innovation, the offer and services to the Bank's customers in the field of merchant acquiring.

The transaction allowed, inter alia, the enhancement of the Bank’s commercial assets and freed up resources functional to further capital strengthening as well as the creation of a partnership with a dynamic and innovative counterparty such as the Pay Holding Group.

Net of the extraordinary capital gain relating to the contribution of the merchant acquiring business branch, the other income and charges would have remained substantially unchanged compared to 2022.

Finally, the overall net result of financial assets and liabilities, which includes both the result of operations with trading and hedging financial instruments, realised or from valuation, and the valuation of financial assets and liabilities recognised at amortised cost and at fair value, amounted to approximately € 65.7 million, a decrease (-38.10%) compared to the result recorded in the previous year (€ 106.1 million).

GROSS BANKING INCOME
(€/thousand)



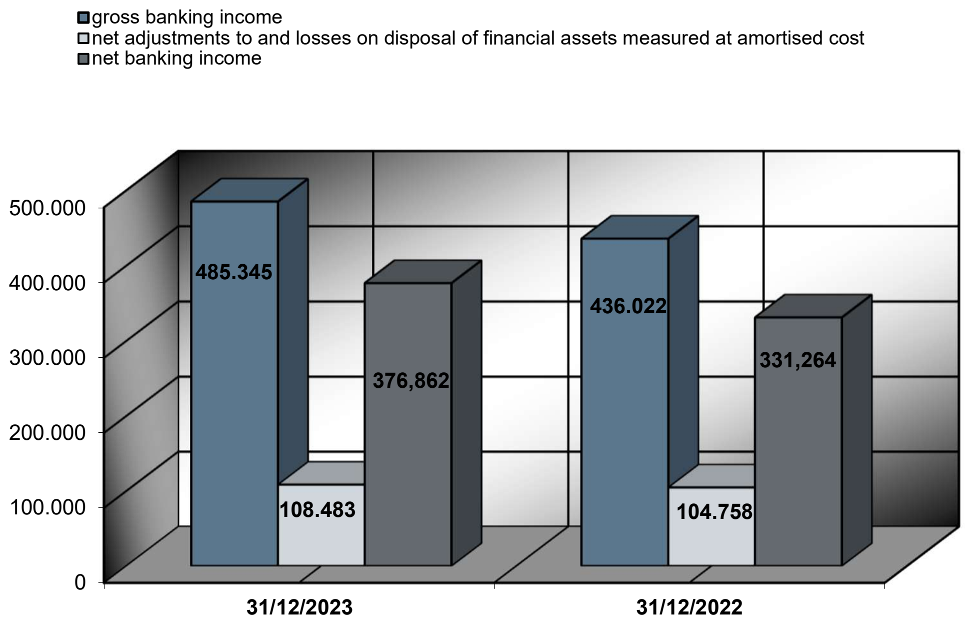
Net banking income

Net banking income was also positive, net of losses on disposal (mostly impaired loans), value adjustments to financial assets measured at amortised cost and losses from contractual changes without derecognition, which amounted to € 376.9 million, an increase of € 45.6 million (+13.76%) compared to the previous year.

Losses resulting from the disposal of financial assets measured at amortised cost totalled € 41.9 million, against € 59.2 million in 2022, 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 € 66.4 million (€ 44.5 million as at 31 December 2022) and resulted in a consequent cost of credit, excluding losses on disposal, of 0.87% of gross loans and advances to customers (0.57% as at December 2022).

NET BANKING INCOME	2023 (€/thousand)	2022 (€/thousand)	% change
Gross banking income	485,345	436,022	11.31%
Gains (Losses) on disposal of financial assets measured at amortised cost	-41,896	-59,213	-29.25%
Net adjustments for credit risk to financial assets measured at amortised cost	-66,278	-45,401	45.98%
- of which: net adjustments to loans and advances to customers	*-66,419*	*-44,511*	*49.22%*
Profits/losses from contractual changes without derecognition	-309	-144	114.58%
Net banking income	**376,862**	**331,264**	**13.76%**



Profit before tax from continuing operations

The profit before tax from continuing operations for 2023 amounted to € 99.9 million, an increase of 94.41% compared to the previous year.

Net of the extraordinary component relating to the transfer by contribution of the merchant acquiring business branch, net of direct costs, profit before tax from continuing operations amounted to € 51.3 million (+57.57% compared to 2022).

Operating costs amounted to € 273.5 million (+2.17% compared to December 2022).

Personnel expenses, which account for about 51.36% of total operating costs, amounted to € 140.5 million, down by 1.66% compared to the corresponding figure for last year, which included charges incurred for the use of the Solidarity Fund. Net of this extraordinary component, personnel expenses amounted to € 140.4 million and the increase over the previous year was 3.80%. This growth is largely attributable to wage increase deriving from the renewal of the national collective labour agreement for bank employees.

The remaining cost items, which include other administrative expenses and net adjustments to property, plant and equipment and intangible assets, amounted to € 133 million and increased by 6.5% compared to 31 December 2022, as a result of the impact of inflation and the new projects launched in accordance with the Group's strategic guidelines aimed at increasing efficiency while investing in business development, human capital, the modernisation and digitalisation of customer services and work processes, in order to effectively pursue medium- and long-term targets in compliance with the company's values.

The component relating to other administrative expenses, net of the contributions to the National Resolution Funds SRF and DGS (€ 14.4 million), amounted to € 94.3 million, recording an increase of 8.95% compared to 2022.

The depreciation of property, plant and equipment, and amortisation of intangible assets came to € 24.3 million, slightly down against last year (-0.74%).

In 2023, 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.

Net allocations to provisions for risks and charges are mainly attributable to the subsidiary Pitagora and refer to the following cases:

- potential future expenses relating to collection costs charged by INPS, amounting to € 1.6 million;
- potential future charges related to possible customer complaints amounting to € 1.1 million, in relation to the Constitutional Court ruling no. 263 of 22 December 2022 (so-called “Lexitor ruling”).

The Group's Cost/Income, the main indicator of business efficiency, stood at 56.35% (61.39% as at 31 December 2022); its management value, net of extraordinary revenues and costs related to the transaction of the merchant acquiring transfer by contribution and extraordinary costs related to the Solidarity Fund, was 60.62%, up by 0.96% compared to 2022, 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	2023 (€/thousand)	2022 (€/thousand)	% change
Net banking income	376,862	331,264	13.76%
Operating costs	-273,483	-267,681	2.17%
- personnel expenses	-140,468	-142,841	-1.66%
- personnel expenses	-140,418	-135,282	3.80%
- allocations to the Solidarity Fund	-50	-7,559	-99.34%
- other administrative expenses	-108,685	-100,329	8.33%
- other administrative expenses	-94,290	-86,547	8.95%
- contribution to SRF and DGS	-14,395	-13,782	4.45%
- net adjustments to property, plant and equipment and intangible assets	-24,330	-24,511	-0.74%
Net allocations to provisions for risks and charges	-3,556	-12,347	-71.20%
Gains (losses) on disposal of investments	57	140	-59.29%
Profit (loss) from continuing operations	**99,880**	**51,376**	**94.41%**

OTHER ADMINISTRATIVE EXPENSES	2023 (€/thousand)	2022 * (€/thousand)	% change
IT expenses	-36,424	-33,141	9.91%
Property expenses	-13,760	-12,944	6.30%
General expenses	-26,154	-25,831	1.25%
of which: contribution to National Resolution Fund and IDPF	*-14,395*	*-13,782*	*4.45%*
Professional and insurance expenses	-21,551	-18,278	17.91%
Utilities	-3,855	-3,696	4.30%
Promotional, advertising and marketing expenses	-4,309	-3,772	14.24%
Indirect taxes and duties	-2,632	-2,667	-1.32%
Other administrative expenses	**-108,685**	**-100,329**	**8.33%**

These types of expenses are shown net of the relative recoveries

** 2022 values recalculated for comparison purposes*

Taxes and net profit

The Group's net profit amounted to € 79 million, an increase of € 42.8 million compared to the same result in 2022 (+118.38%), and consisted of € 80.4 million in profit pertaining to the Parent Company and € -1.4 thousand in loss pertaining to minority interests.

The results as at 31 December 2023 are fully in line with the budget objectives. Taking into account the complex and difficult context, the results therefore prove 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 both operating efficiency and diversification and increase in sources of revenue, to the satisfactory creation of value for shareholders which, along with other stakeholders, place their trust in the Group.

As regards the extraordinary tax introduced by Italian Law Decree no. 104 of 10 August 2023 (subsequently converted into Law with amendments), the Parent Company Bank availed itself of the right provided for by Article 26 (5 bis) of Italian Law no. 136/2023, proposing to the Shareholders' Meeting at the time of approval of the 2023 financial statements the establishment of a non-distributable reserve in lieu of payment of the extraordinary tax. The amount of the allocation to the reserve came to € 36.2 million.

The probability test envisages the full recovery of the remaining deferred tax assets, related to years reporting tax losses and excess ACE, by the financial 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.

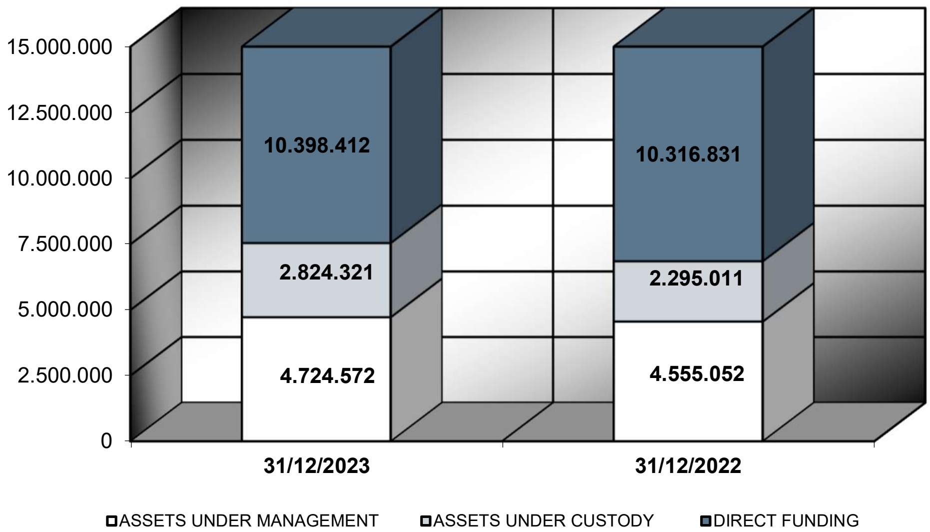
NET PROFIT	2023 (€/thousand)	2022 (€/thousand)	% change
Profit (loss) from continuing operations	99,880	51,376	94.41%
Tax expense (recovery) on income from continuing operations	-20,841	-15,183	37.27%
Net profit	**79,039**	**36,193**	**118.38%**

Assets managed on behalf of customers

As at 31 December 2023, brokered financial assets amounted to € 17.9 billion, up 4.55% compared to the previous year. New funding production since the beginning of the year amounted to € 417 million, of which € 411 million related to assets under custody and € 6 million to assets under management.

The managed assets from non-institutional customers totalled € 16.5 billion, up 4.21% since the beginning of the year.

Within this aggregate as a whole, direct funding continues to be the most important component, representing around 57,94% of the total.



TOTAL FINANCIAL ASSETS	2023		2022 (*)		Change
	Amount	%	Amount	%	%
Direct funding	10,398,412	57.94%	10,316,831	60.10%	0.79%
of which: from customers	*8,915,419*	*49.68%*	*8,948,665*	*52.13%*	*-0.37%*
of which: market securitisations and institutional funding	*1,482,993*	*8.26%*	*1,368,166*	*7.97%*	*8.39%*
Assets under management	4,724,572	26.32%	4,555,052	26.53%	3.72%
Assets under custody	2,824,321	15.74%	2,295,011	13.37%	23.06%
Total financial assets	**17,947,305**	**100.00%**	**17,166,894**	**100.00%**	**4.55%**
of which: from customers	*16,464,312*	*91.74%*	*15,798,728*	*92.03%*	*4.21%*

(*) Adjusted valuation criteria for consistency with financial year 2023

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 31/12/2023*

Direct funding

At the end of the 2023 financial year, the Group's direct funding amounted to € 10.4 billion and was up (+0.79%) compared to 2022 (in the same period, the average of the banking system recorded a 1.5% decrease, according to the ABI). The component relating to ordinary customers amounted to € 8.9 billion, substantially stable compared to the previous year. The intense use of liquidity by companies and the outflow towards indirect funding for individuals, favoured by the high rates of return on government bonds, led to a decline in demand deposits, with a repositioning towards deposits with maturity.

The volume of bonds increased by € 180 million (+8.51%) following the placement on the market of securities deriving from securitisation of loans, while current accounts decreased by € -53.0 million (-0.69%) and savings deposits decreased by 17.5 million (-21.01%). In addition, € 42.6 million repurchase agreements were placed with customers.

DIRECT FUNDING FROM CUSTOMERS	2023	2022 (*)	Change	
			Absolute	%
Bonds	2,296,416	2,116,404	180,011	8.51%
of which: originating from securitisation	1,107,386	915,294	192,092	20.99%
of which: measured at fair value	12,768	39,767	-26,999	-67.89%
Current accounts	7,606,674	7,659,668	-52,994	-0.69%
Repurchase agreements	42,632	0	42,632	n.c.
Savings deposits	65,967	83,516	-17,549	-21.01%
Banker's drafts	22,533	28,587	-6,054	-21.18%
Lease liabilities	38,418	37,237	1,181	3.17%
Other funding	325,772	391,418	-65,647	-16.77%
Total direct funding	**10,398,412**	**10,316,831**	**81,581**	**0.79%**

(*) Adjusted valuation criteria for consistency with financial year 2023

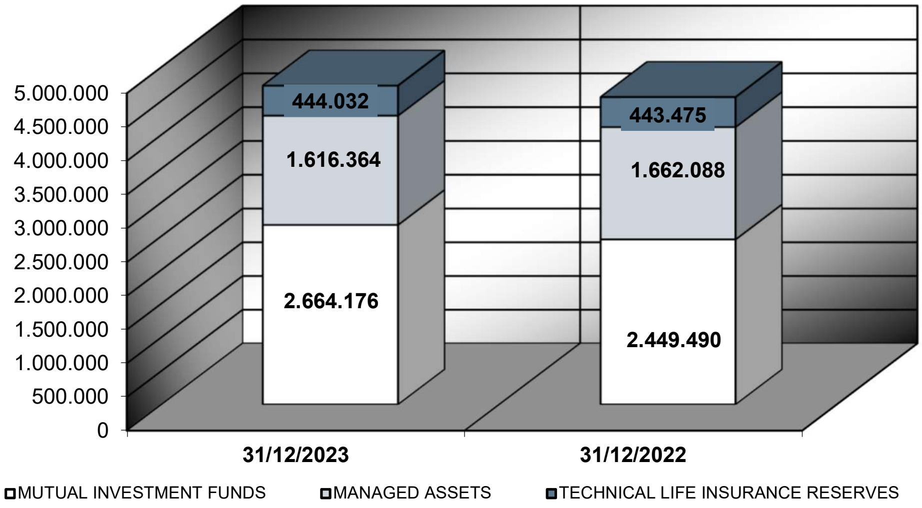
Assets under management and under custody

Assets under management amounted to € 4.7 billion, recording an increase compared to the end of 2022 (+3.72%).

Assets under custody amounted to € 2.8 billion, also recording an increase of 23.06% 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 +0.13%. Similarly, the change in indirect funding under custody, calculated on production volumes net of market impacts, was +18%.

Therefore, indirect funding amounted to € 7.5 billion, up by 10.20% compared to 2022, with € 417 million in new production. The change in production volumes, net of market impacts, was +6.10%.



FINANCIAL ASSETS OF CUSTOMERS	2023		2022 (*)		Change
	Amount	%	Amount	%	%
Mutual investment funds	2,664,176	56.39%	2,449,489	53.78%	8.76%
Managed assets - securities and funds	1,616,364	34.21%	1,662,088	36.49%	-2.75%
Technical life insurance reserves	444,032	9.40%	443,475	9.74%	0.13%
Assets under management	**4,724,572**	**100.00%**	**4,555,052**	**100.00%**	**3.72%**

(*) Adjusted valuation criteria for consistency with financial year 2023

Loans and advances to customers

As at 31 December 2023, the performance in loans and advances to customers, which amounted to € 7.4 billion, recorded a slight decrease (-1.74%) compared to the previous year following the sharp cooling in demand resulting from the complexity of the economic context and the growth in market rates (compared to an average for the banking sector of -2.2%, according to the ABI[1]). The disbursement of loans amounting to approximately € 1.8 billion confirms the Group's firm commitment to supporting households and businesses, and thus the development of the local areas served, and made it possible to achieve a better result than that recorded by the Italian banking system in the same period.

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.

[1] Source: ABI Monthly Outlook 01/2024

BREAKDOWN OF LOANS AND ADVANCES TO CUSTOMERS	2023	2022	Changes	
			Absolute	%
Current accounts	362,354	270,473	91,880	33.97%
Mortgages	4,745,415	5,042,516	-297,101	-5.89%
Credit cards, personal loans, and salary and pension assignment loans	1,467,467	1,297,942	169,525	13.06%
Other transactions	831,784	923,260	-91,475	-9.91%
Debt securities	16,954	21,167	-4,213	-19.90%
Total loans and advances to customers	**7,423,974**	**7,555,358**	**-131,384**	**-1.74%**

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*	2023	2022
Top 10 groups	2.94%	3.36%
Top 20 groups	4.86%	5.39%
Top 30 groups	6.40%	6.90%
Top 50 groups	8.96%	9.43%
Top 100 groups	13.44%	13.85%

** including the salary and pension assignment loans of the subsidiary Pitagora S.p.A.*
The percentages shown represent the credit granted as at 31/12/2023, compared with the same figures as at 31/12/2022.

Credit quality

The credit quality, which has been gradually and constantly improving, 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 and the recent tensions on the Middle East front.

During 2023, the Bank carried out significant loan disposal transactions involving impaired loan positions classified as bad loans for a total gross carrying amount of € 88.6 million and loan positions classified as UTP (Unlikely to Pay) for a carrying amount of approximately € 1 million.

In this context, at the end of the year the Bank, together with a group of other institutions, finalised a non-recourse transfer transaction for consideration and en bloc to the special purpose vehicle company specifically set up "Luzzatti POP NPLs 2023 S.r.l." of a portfolio of bad loans, pursuant to Italian Law no. 130 of 30 April 1999 and subsequent amendments and additions. The transaction was structured

without the GACS guarantee; however, the opportunity to request this guarantee at a later stage is not excluded.
The derecognition of transferred receivables concerned non-performing positions with a total gross carrying amount of € 37.2 million.

At the end of the 2023 financial year, there was a significant decrease in the amount of non-performing loans net of value adjustments, which fell from € 222 million in 2022 to € 175 million as at 31 December 2023 (-21.14%), with the gross and net NPL Ratio indicators falling to 4.36% (from 4.99% in 2022) and 2.36% (from 2.94%), respectively.

The average level of coverage of non-performing loans stood at 47.47%, a level above the average for the credit sector (ref. Bank of Italy survey as at 30 June 2023). *The level of operational hedge calculated net of write-offs amounts to 53.46%.*

More specifically, bad loans net of value adjustments came to € 41.7 million, marking a drop of € 38 million (-47.66%) from the start of the year; the ratio to total loans is 0.56% and the coverage level is 65.30%. The level of operational hedge calculated net of write-offs amounts to 72.25%.
Unlikely to pay loans amounted to € 99 million, down € 19.6 million (-16.59%) since the beginning of the year; the ratio to total loans is 1.33% and the coverage level is 41.75%.

The *Texas Ratio*, calculated as the ratio of gross non-performing loans to tangible common equity plus provisions, was 27.93% 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 at FV and FVOCI attributable to Pitagora S.p.A. and We Finance S.p.A. was as follows:

	2023	2022	Changes	
	Amount	Amount	Absolute	%
Bad loans	41,693	79,651	-37,958	-47.66%
Unlikely to pay	98,595	118,201	-19,606	-16.59%
Past due loans	34,671	24,014	10,657	44.38%
Total non-performing loans	**174,959**	**221,866**	**-46,907**	**-21.14%**
Performing loans	7,249,015	7,333,492	-84,477	-1.15%
Loans and advances to customers	**7,423,974**	**7,555,358**	**-131,385**	**-1.74%**

	2023					
	Gross amount		Value adjustments	Net amount		% coverage
Bad loans (*)	1.57%	120,144	78,451	0.56%	41,693	65.30%
Unlikely to pay	2.22%	169,271	70,676	1.33%	98,595	41.75%
Past due loans	0.57%	43,674	9,003	0.47%	34,671	20.61%
Total non-performing loans	**4.36%**	**333,089**	**158,130**	**2.36%**	**174,959**	**47.47%**
Performing loans	95.64%	7,303,755	54,740	97.64%	7,249,015	0.75%
Loans and advances to customers	**100.00%**	**7,636,844**	**212,870**	**100.00%**	**7,423,975**	**2.79%**

	2022					
	Gross amount		Value adjustments	Net amount		% coverage
Bad loans (*)	2.26%	176,035	96,383	1.05%	79,652	54.75%
Unlikely to pay	2.34%	182,456	64,255	1.56%	118,201	35.22%
Past due loans	0.39%	30,292	6,279	0.32%	24,013	20.73%
Total non-performing loans	**4.99%**	**388,782**	**166,917**	**2.94%**	**221,866**	**42.93%**
Performing loans	95.01%	7,394,965	61,473	97.06%	7,333,492	0.83%
Loans and advances to customers	**100.00%**	**7,783,748**	**228,390**	**100.00%**	**7,555,358**	**2.93%**

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

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

	2023				2022[1]			
	Gross amount	Value adjustments	Net amount	% coverage	Gross amount	Value adjustments	Net amount	% coverage
Bad loans (*)	116,827	77,207	39,620	66.09%	172,038	93,531	78,507	54.37%
Unlikely to pay	166,770	70,414	96,355	42.22%	179,436	63,489	115,947	35.38%
Past due loans	42,242	8,725	33,518	20.65%	28,548	5,952	22,596	20.85%
Total non-performing loans	**325,839**	**156,346**	**169,493**	**47.98%**	**380,022**	**162,972**	**217,050**	**42.88%**
Performing loans	7,228,130	54,307	7,173,823	**0.75%**	7,316,368	60,863	7,255,505	**0.83%**
Loans and advances to customers	**7,553,969**	**210,653**	**7,343,316**	**2.79%**	**7,696,390**	**223,835**	**7,472,555**	**2.91%**

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

(1) Adjusted valuation criteria for consistency with financial year 2023

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 2023, there was a further strengthening of the liquidity situation: the *Liquidity Coverage Ratio* (LCR) was 240.4%, and the *Net Stable Funding Ratio* (NSFR) was 169.2%, both up compared to 2022 (216.5% and 160.2%, respectively) and well above the regulatory requirements.

As at 31 December 2023, financial assets other than loans and advances to customers amounted to a total of € 3.1 billion, down on the previous year (-19.95%). The largest component of the owned securities portfolio, equal to roughly € 2 billion, is allocated to stable investments. Therefore, as it is measured at amortised cost, it does not substantially entail elements of volatility in the income statement and balance sheet.

The portion of financial assets measured at fair value through other comprehensive income that does not refer to equity investments - which amounted to approximately € 226.4 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.

The securities portfolio is financed for € 500 million through refinancing with the European Central Bank and for € 226 million through a repurchase agreement with a long maturity (longer than one year), with an underlying security deriving from its own securitisation transaction, with a primary market counterparty. Financial instruments eligible as collateral in financing transactions on the market amounted to € 3.6 billion as at 31 December 2023, net of the ECB haircut, of which € 860 million was committed. As a result, the eligible amount of financial instruments available comes to € 2.7 billion.

	2023 €/thousand	2022 €/thousand	Changes	
			Absolute	%
NET INTERBANK POSITION	**-572,902**	**-2,876,592**	**2,303,690**	**-80.08%**
Loans and advances to banks	192,294	85,881	106,413	123.91%
Deposits from banks	765,196	2,962,473	-2,197,277	-74.17%
FINANCIAL ASSETS	**3,136,026**	**3,917,391**	**-781,366**	**-19.95%**
Financial assets measured at fair value through profit or loss	66,075	74,841	-8,765	-11.71%
of which: fair value of derivatives	*963*	*1,147*	*-184*	*-16.04%*
Financial assets measured at fair value through other comprehensive income	1,029,386	1,179,106	-149,720	-12.70%
Other financial assets measured at amortised cost	2,040,564	2,663,444	-622,880	-23.39%
FINANCIAL LIABILITIES HELD FOR TRADING	**1,974**	**2,131**	**-157**	**-7.37%**
of which: fair value of derivatives	*1,974*	*2,131*	*-157*	*-7.37%*
DERIVATIVES (NOTIONAL AMOUNTS)	**2,457,286**	**2,272,512**	**184,774**	**8.13%**

The net interbank position changed in 2023 mainly due to the planned settlements of TLTRO operations of € 2.3 billion.

As regards derivatives, the segment is mainly represented by transactions 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 2023 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 2023.

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	7,042,791	601,813	0	3,920
DIRECT FUNDING	10,069,166	331,354	0	2,056
INDIRECT FUNDING	7,548,893	0	0	0
TOTAL BALANCE SHEET ASSETS	12,275,446	646,233	14,135	9,605
TOTAL OWN FUNDS	1,034,896	72,849	0	2,182

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	349,800	41,969	446	2,297
OPERATING COSTS	-242,193	-26,445	-565	-2,991
NET PROFIT	84,961	8,030	-102	-812

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	1,600	209	0	15
BRANCHES	209	86	0	0

Shareholders' equity

Shareholders' equity, including profit for the year, came to € 1.1 billion.

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 2023	**1,011,145**
Increases	**103,132**
- Net profit for the year	80,393
- Net change in other valuation reserves	22,739
Decreases	**-22,610**
- Dividends	-14,812
- Net change in available reserves	-6,616
- Net change in purchases and sales of treasury shares	-1,182
Group shareholders' equity as at 31 December 2023	**1,091,667**
Minority shareholders' equity as at 31 December 2023	**24,540**

The Group's shareholders' equity increased by € 80.5 million compared to the end of the previous year, thanks to the profit pertaining to the Group of € 80.4 million recorded in 2023.

The change in valuation reserves, a positive € 22.7 million after tax, was primarily attributable to the combined effect of the following factors:

- positive change in the value of reserves with reversal to the income statement of € 23 million;
- negative change in the value of reserves without reversal to the income statement of € 0.3 million.

The decreases were due to the distribution of dividends to shareholders of the 2022 profit and the payment of coupons on the Bank's AT1 securities.

Share capital of the Parent Company

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

Shareholder	% 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	39.51%
Treasury shares	1.59%
Total	100%

As at 31 December 2023, the 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 2023 are no. 1,128,532 for a book value of € 13,137,330.
In 2023, 135,100 treasury shares were purchased, included in the reserve for treasury shares in portfolio, equal to 0.19% of the share capital, for a nominal value of € 697,116 and a consideration of € 1,182,364. No treasury shares were sold. In 2022, 2,110 shares were sold to the subsidiary Pitagora, as part of the management remuneration plans.

At the date of preparation of these financial statements (28 March 2024), the Parent Company held 1,306,422 treasury shares in the portfolio with a book value of € 14,661,093.66.
On the same date, discussions were underway regarding a possible investment project by Fondazione Cassa di Risparmio di Torino in the Bank.

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 2023. That report, approved by the Board of Directors on 28 March 2024, 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 € 1,028.1 million.

The CET1 Ratio (CET1/RWA) amounts to 14.88%, higher than the minimum requirement of 8.20% that the Group is required to comply with, as required by the Bank of Italy in its communication of 4 January 2024, at the start of the periodic Supervisory Review and Evaluation Process (SREP). The minimum requirement of 8.20% includes the known "Capital conservation buffer" of 2.5%. The Tier1 Ratio (Tier1/RWA) amounts to 16.53% and the Total Capital Ratio (Total Own Funds/RWA) amounts to 17.39%; both ratios exceed the minimum requirement set by the aforementioned Supervisory regulations.

OWN FUNDS AND SOLVENCY RATIOS	2023	2022
Own Funds (€/thousand)		
Common Equity Tier 1 (CET1) capital net of regulatory adjustments	880,145	832,158
Additional Tier 1 (AT1) capital net of regulatory adjustments	97,567	97,567
Tier 1 capital (TIER1)	**977,712**	**929,725**
Tier 2 (T2) capital net of regulatory adjustments	50,432	87,973
Total Own Funds	**1,028,144**	**1,017,698**
Risk-weighted assets (€/thousand)		
Portion absorbed for credit and counterparty risk, including the portion absorbed by securitisations	38.58%	39.49%
Portion absorbed for market risk	0.02%	0.03%
- of which:		
a) trading portfolio risk	0.02%	0.03%
b) exchange rate risk	0.00%	0.00%
Portion absorbed for credit value adjustment (CVA) risk	0.80%	0.96%
Free portion	60.60%	59.51%
Portion absorbed by Operational Risk	6.61%	6.24%
Free portion	53.99%	53.27%
Total capital requirements	473,074	475,531
Excess	555,070	542,167
Total risk-weighted assets (1)	**5,913,425**	**5,944,141**
Solvency ratios (%)(2)		
CET1 Ratio (CET1/RWA)	14.88%	14.00%
Tier 1 Ratio (Tier1/RWA)	16.53%	15.64%
Total Capital Ratio (Total Own Funds/RWA)	17.39%	17.12%

(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 communication of 4 January 2024, notified the Overall Capital Requirements (OCR) to be respected at consolidated level equal to CET 1 Ratio 8.20%, Tier 1 Ratio 10.20% and Total Capital Ratio 12.70% (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)	**1,070,999**	**84,962**
Book value of equity investments	-47,799	
Shareholders' equity book value of equity investments (pro rata)	59,478	
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	27,383	
Alignment with the Group accounting standards:		
- accounting of buildings and land at deemed cost	2,995	
Consolidation for salary assignment loan transactions	-23,667	
Consolidation entries for merger	-29,641	
Consolidation of company under significant influence at equity	-350	
Intercompany netting for dividends		-1,200
Pro-rata profit (loss) of subsidiaries		-3,369
Consolidated shareholders' equity and profit (loss)	**1,091,667**	**80,393**
Minority shareholders' equity and profit (loss)	**24,540**	**-1,354**

Evolution of the operating context

The global economy is currently pursuing a disinflationary objective. The supply-side drivers are slowing and restrictive monetary policies in advanced economies are weakening the demand. Although in the third quarter of 2023 the GDP of the United States grew vigorously (1.3% quarterly), the Eurozone is stagnant (-0.1% in the third quarter and 0.0% in the fourth) and the deceleration of the Chinese economy continues to reduce global trade. Ongoing attacks by Houthi militias on cargoes in the Red Sea are forcing ships to leave the Suez Canal and follow longer routes, which drives up transport costs, potentially fuelling global inflation. The upcoming presidential elections in the United States and the European parliamentary elections could see an increase in protectionist forces, which could further weaken global growth. The adoption of the new European financial framework could lead to stricter tax rules, reducing the room for fiscal support in heavily indebted countries. In addition, in Italy, the growing performance of the deb/GDP ratio raises concerns about the dynamics of the public accounts and could require a restrictive fiscal policy in the coming years.

Two key elections will take place in 2024: the European Parliament elections in June and the presidential elections in the United States in November. Among the many aspects that could affect these elections is the possibility of external interference. In this scenario, Russia is the main suspect and this could contribute to increasing instability.

Despite growing geopolitical tensions, expectations are for a soft landing scenario for the global economy and GDP growth of 3.1% is expected in 2023, followed by a slowdown (2.6%) in 2024.

Growth prospects in the Eurozone remain weak despite the easing of inflation. The slight contraction of GDP in the third quarter of 2023 affected most Eurozone economies and was driven by falling exports and weak domestic demand. Headline inflation followed a downward trend in 2023 and is expected to be continued in 2024, despite the increase in December. Unlike the United States, Eurozone salaries and wages lag behind inflation, despite an average negotiated wage growth of 4.5% in the first nine months of 2023. This will weigh on the growth of household consumption in 2024.

The tight monetary policy and the increase in uncertainty are holding back investments in both machinery and construction, with a sharp decline in loans and mortgages in 2023.

The Fed and the ECB are expected to start cutting monetary policy rates after the start of the summer.

In Italy, the fall in inflation has been very steep in recent months, falling from over 5% in the summer of 2023 to 0.6% in December, well below the Eurozone average of 2.9%. This decrease can be mainly attributed to the known "base effects", i.e. the fact that the sudden increase in energy prices recorded in 2022 make year-on-year comparisons favourable. However, energy prices are expected to continue to be erratic, which emphasises the need to monitor core inflation to assess its underlying pattern. In 2024, total inflation is expected to be 2.1%, with core inflation of 2.5%.

The tax policy is expected to be expansive with the main objectives of the budget law for 2024 related to inflation adjustments on public employees' labour contracts and healthcare costs, and with a reduction of the tax burden on low- and middle-income earners. The latter will be a temporary measure for 2024 and takes the form of a tax wedge cut for workers and a change in income tax rates and tax credits. A large part of the resources of 2024 will be absorbed by the one-year extension of the partial cut of the tax wedge (approximately € 13 billion, 0.6% of GDP). Given the transitional nature of most of these measures, based on current government plans, they will not lead to an increase in expenditure in 2025, although there is a possibility that some measures will be extended further.

Outlook on operations

For the banking sector, and thus also for the Bank, the continuation of the geo-political crisis triggered on the eastern European front by the conflict between Ukraine and Russia and accentuated, at the end of 2023, by the start of the Israeli-Palestinian conflict will presumably lead to a slowdown in the profitability outlook resulting from the interest rate market scenario. At the same time, 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.

The effects of the ECB’s tight monetary policy continue to clearly affect the domestic banking market. However, initial signs of a reduction in rates have been noted in recent months. The first 14 days of February saw a significant decrease in market rates, with the yield on BTPs averaging 3.88%, down 111 points from the peak recorded in October 2023, the 10-year IRS rate averaging 2.69%, down 83 points from the high recorded in October 2023, the six-month BOT rate which averaged 3.66%, down 39 points from the high recorded in October 2023, and the three-month Euribor rate which averaged 3.91%, down 10 points from its peak recorded in October 2023.

The overall average rate on loans remained stable at 4.76% in January 2024, the same figure as in December and November 2023. With regard to interest rates on funding, the overall average amount of deposits was up to 0.99% in January 2024 compared to 0.32% in June 2022. The rate on current account deposits rose to 0.55%. The margin between interest rates on loans and those on funding fell to 151 basis points in January 2024, compared to 208 points in the previous month.

In addition, there was an increase in indirect funding and medium- and long-term funding through bonds; credit volumes decreased, consistent with the slowdown in economic growth, and loans to businesses and households fell compared to the previous year.

In January 2024, the Group has approved the 2024 Budget (the last year of the three-year 2022-2024 Strategic Plan); in its drafting, focus was on activity planning and on the sustainability assessment of the business model in light of mutating scenarios and structural changes under way in the reference market as a result of the continuing Russian-Ukrainian conflict and accentuated by the start of the Israeli-Palestinian conflict in the Middle East.

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

a) 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*;
b) business development (personal finance, SMEs, wealth management, insurance/protection);
c) 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:

a) the lean and project-driven organisation, including among others end-to-end digital restructuring of several 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;
b) 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;
c) 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 implementation of strategic initiatives with constant monitoring of the cost base to rationalise expenses, streamline processes and keep the cost/income ratio at target values;
d) IT development, with new management of the primary interface between IT and users for the aspects of innovation generated by recent technological developments, 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 Bank, considering the update to the 2022-2024 Strategic Plan, the 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 and in the Middle East, the Group will continue to operate in the foreseeable future, and therefore the draft 2023 financial statements are prepared on a going concern basis.

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 2023 financial statements.

To complete the transaction of transfer by contribution of the business branch relating to the merchant acquiring, in January 2024 the Bank sold the shares of BCC Pay to PayCo Holding S.p.A., collecting a consideration of approximately € 37 million.

With effect from 1 January 2024, the new market model of the "*Vorvel Equity Auction*" segment came into force, which includes the transition from the previous single trading segment to three different trading segments, called "Gates", as well as new periodic disclosure requirements for issuers. At the date of this report, the CR Asti security is included in the “Gate 2”.

For more information, please refer to the Bank's website (https://bancadiasti.it/), section “Investor Relations - Azioni Banca di Asti” as well as on the website of the Vorvel market (www.vorvel.eu).

Other information

With reference to the proceedings initiated in 2018 against the Bank and its top management relating to the alleged accounting offence concerning the 2015 and 2016 financial years, on 31 May 2023, the Judge of Asti issued a full acquittal sentence against the Bank for the alleged related administrative offence and against the former Chairman, Mr Aldo Pia (acquittals that later became final) and conviction against the Chief Executive Officer, who, deeming this judgement unjust and unfounded, filed an appeal against it before the Court of Appeal of Turin. In this regard, the Bank's Board of Directors carried out, pursuant to Article 5 of Italian Ministerial Decree 169/2020, the legal assessments on the Chief Executive Officer's propriety, confirming the latter's good standing, and renewed its full confidence in him, trusting in the rapid and positive conclusion of the matter.
The Bank of Italy acknowledged the decision of the Board of Directors which confirmed the suitability of the Chief Executive Officer, not initiating any official disqualification proceedings against him.

With reference to the judgement of the Court of Justice of the European Union of 11 September 2019 - Case C-383/18, Lexitor Sp. z.o.o. (the "Lexitor Ruling"), in the course of 2023 different case law guidelines followed one another until the measure introduced by the Government (converted into Italian Law no. 136) which reinstated the rule that, for consumer credit agreements, in the event of early repayment of the loan, the consumer is entitled to reimbursement of all costs incurred in connection with the credit agreement, including interest and fees.

In light of the legislative changes and in compliance with the guidelines of the Banking and Financial Ombudsman (ABF), the Group companies have taken the appropriate actions to implement, in relations with their Customers, the applicable reference legislation as interpreted to date by the rulings of the Court of Justice, maintaining an approach aimed at settling disputes and mitigating legal and reputational risk.

GRUPPO CASSA DI RISPARMIO DI ASTI

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET

CONSOLIDATED BALANCE SHEET			
Assets		**31/12/2023**	**31/12/2022**
10.	**Cash and cash equivalents**	**646,993**	**1,614,941**
20.	**Financial assets measured at fair value through profit or loss**	**108,501**	**98,968**
	a) financial assets held for trading	38,482	21,377
	c) other financial assets mandatorily measured at fair value	70,019	77,591
30.	**Financial assets measured at fair value through other comprehensive income**	**1,050,666**	**1,216,658**
40.	**Financial assets measured at amortised cost**	**9,593,127**	**10,243,004**
	a) Loans and advances to banks	192,292	85,837
	b) Loans and advances to customers	9,400,835	10,157,167
50.	**Hedging derivatives**	**18,312**	**176,574**
70.	**Equity investments**	**195**	**86**
90.	**Property, plant and equipment**	**208,535**	**203,666**
100.	**Intangible assets**	**83,757**	**87,145**
	of which:		
	- goodwill	66,269	66,269
110.	**Tax assets**	**219,833**	**251,976**
	a) current	38,636	36,480
	b) deferred	181,197	215,496
120.	**Non-current assets held for sale and discontinued operations**	**2,375**	**3,987**
130.	**Other assets**	**781,781**	**778,105**
	Total assets	**12,714,075**	**14,675,110**

CONSOLIDATED BALANCE SHEET			
Liabilities and Shareholders' equity		31/12/2023	31/12/2022
10.	**Financial liabilities measured at amortised cost**	**11,150,840**	**13,239,537**
	a) Deposits from banks	765,196	2,962,473
	b) Deposits from customers	9,209,382	9,115,721
	c) Debt securities in issue	1,176,262	1,161,343
20.	**Financial liabilities held for trading**	**1,974**	**2,131**
30.	**Financial liabilities designated at fair value**	**12,768**	**39,767**
40.	**Hedging derivatives**	**112,954**	**7,785**
60.	**Tax liabilities**	**121**	**804**
	a) current	121	804
80.	**Other liabilities**	**273,117**	**290,146**
90.	**Provision for employee severance pay**	**13,656**	**14,116**
100.	**Provisions for risks and charges**	**32,438**	**43,405**
	a) commitments and guarantees given	4,972	5,247
	c) other provisions for risks and charges	27,466	38,158
120.	**Valuation reserves**	**-37,562**	**-60,301**
140.	**Equity instruments**	**97,567**	**97,567**
150.	**Reserves**	**261,065**	**246,901**
160.	**Share premium reserve**	**339,370**	**339,370**
170.	**Share capital**	**363,971**	**363,971**
180.	**Treasury shares (-)**	**-13,137**	**-11,955**
190.	**Minority shareholders’ equity (+/-)**	**24,540**	**26,274**
200.	**Profit (Loss) for the year (+/-)**	**80,393**	**35,592**
	Total liabilities and shareholders' equity	**12,714,075**	**14,675,110**

GRUPPO CASSA DI RISPARMIO DI ASTI

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT			
Items		31/12/2023	31/12/2022
10.	**Interest income and similar revenues**	**503,978**	**293,975**
	of which: interest income calculated using the effective interest rate method	426,804	279,894
20.	**Interest expense and similar charges**	**(232,352)**	**(82,909)**
30.	**Net interest margin**	**271,626**	**211,066**
40.	**Fee and commission income**	177,954	172,959
50.	**Fee and commission expense**	(78,885)	(65,475)
60.	**Net fees and commissions**	**99,069**	**107,484**
70.	**Dividends and similar income**	**10,335**	**10,417**
80.	**Net profit (loss) from trading**	**71,356**	**115,025**
90.	**Net profit (loss) from hedging**	**1,652**	**4,183**
100.	**Gains (losses) on disposal or repurchase of:**	**(39,501)**	**(64,696)**
	a) financial assets measured at amortised cost	(41,229)	(54,141)
	b) financial assets measured at fair value through other comprehensive income	491	(11,843)
	c) financial liabilities	1,237	1,288
110.	**Net profit (loss) from other financial assets and liabilities measured at fair value through profit or loss**	**(8,978)**	**941**
	a) financial assets and liabilities designated at fair value	123	2,024
	b) other financial assets mandatorily measured at fair value	(9,101)	(1,083)
120.	**Net banking income**	**405,559**	**384,420**
130.	**Net adjustments/recoveries for credit risk relating to:**	**(64,189)**	**(43,843)**
	a) financial assets measured at amortised cost	(66,278)	(45,401)
	b) financial assets measured at fair value through other comprehensive income	2,089	1,558
140.	**Profits/losses from contractual changes without derecognition**	**(309)**	**(144)**
150.	**Net income from financial activities**	**341,061**	**340,433**
180.	**Net income from financial and insurance activities**	**341,061**	**340,433**
190.	**Administrative expenses:**	**(279,157)**	**(272,059)**
	a) personnel expenses	(142,980)	(145,219)
	b) other administrative expenses	(136,177)	(126,840)
200.	**Net allocations to provisions for risks and charges**	**(6,613)**	**(23,263)**
	a) commitments and guarantees given	272	(90)
	b) other net provisions	(6,885)	(23,173)
210.	**Net adjustments to/recoveries on property, plant and equipment**	**(15,863)**	**(15,839)**
220.	**Net adjustments to/recoveries on intangible assets**	**(7,445)**	**(7,691)**
230.	**Other operating expenses/income**	**67,840**	**29,655**
240.	**Operating costs**	**(241,238)**	**(289,197)**
280.	**Gains (losses) on disposal of investments**	57	140
290.	**Profit (loss) before tax from continuing operations**	**99,880**	**51,376**
300.	**Tax expenses (income) for the year from continuing operations**	(20,841)	(15,183)
310.	**Profit (loss) after tax from continuing operations**	**79,039**	**36,193**
330.	**Profit (loss) for the year**	**79,039**	**36,193**
340.	**Minority profit (loss) for the year**	**(1,354)**	**601**
350.	**Parent company's profit (loss) for the year**	**80,393**	**35,592**

GRUPPO CASSA DI RISPARMIO DI ASTI

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME			
Item	ITEMS	31/12/2023	31/12/2022
10.	**Profit (loss) for the year**	**79,039**	**36,193**
	Other comprehensive income after tax not reclassified to profit or loss		
20.	Equity securities designated at fair value through other comprehensive income	24	176
30.	Financial liabilities designated at fair value through profit or loss (own creditworthiness changes)	(62)	(107)
70.	Defined benefit plans	(285)	1,811
	Other comprehensive income after tax reclassified to profit or loss		
130.	Cash flow hedging	(494)	10,636
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	23,312	(25,415)
200.	**Total other income after tax**	**22,495**	**(12,899)**
210.	**Other comprehensive income (Item 10+200)**	**101,534**	**23,294**
220.	**Minority consolidated other comprehensive income**	**(1,598)**	**(729)**
230.	**Parent Company's consolidated other comprehensive income**	**103,132**	**24,023**

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 31.12.2022	Changes in opening balances	Balance as at 01.01.2023	Previous year profit (loss) allocation		Changes during the year									Group shareholders' equity as at 31.12.2023	Minority shareholders' equity as at 31.12.2023
							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 investments	Other comprehensive income for 2023		
SHARE CAPITAL																
- ordinary shares	380.768		380.768	0			0	0					753		363.971	17.550
- other shares	0		0	0			0	0					0		0	0
SHARE PREMIUM RESERVE	339.370	0	339.370	0		0	0						0		339.370	0
RESERVES																
- profit	118.216	0	118.216	21.381		0	0	0	0				737		132.245	8.088
- other	137.061	0	137.061	0		-8.242	0		0		0	0	0		128.819	0
VALUATION RESERVES	-59.801	0	-59.801			0							0	22.495	-37.562	256
EQUITY INSTRUMENTS	97.567		97.567							0			0		97.567	0
TREASURY SHARES	-11.955		-11.955			0	0	-1.182							-13.137	0
PROFIT (LOSS) FOR THE YEAR	36.193	0	36.193	-21.381	-14.812									79.039	80.393	-1.354
GROUP SHAREHOLDERS' EQUITY	1.011.145	0	1.011.145	0	-14.107	-8.041	0	-1.182	0	0	0	0	720	103.132	1.091.667	X
MINORITY SHAREHOLDERS' EQUITY	26.274	0	26.274	0	-705	-200	0	0	0	0	0	0	770	-1.598	X	24.540

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 investments	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	X
MINORITY SHAREHOLDERS' EQUITY	29.275	0	29.275	0	-2.157	46	0	-20	0	0	0	0	-141	-729	X	26.274

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RISPARMIO DI ASTI

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT

CASH FLOW STATEMENT	AMOUNT	
Indirect Method	31/12/2023	31/12/2022
A. OPERATING ACTIVITIES		
1. Cash flows from operations	**427,993**	**-195,167**
- profit (loss) for the year (+/-)	79,039	36,193
- capital gains/losses on financial assets held for trading and on other financial assets/liabilities measured at fair value through profit or loss (-/+)	-11,063	-5,700
- capital gains/losses on hedging activities (-/+)	-27,156	-386,937
- net adjustments/recoveries for credit risk (+/-)	181,804	50,987
- net adjustments to/recoveries on property, plant and equipment and intangible assets (+/-)	21,717	21,682
- net allocations to provisions for risks and charges and other expenses/income (+/-)	-26,365	-38,335
- net revenues and net costs of insurance contracts issued and outwards reinsurance (-/+)	0	0
- unpaid duties, taxes and tax credits (+/-)	12,794	14,358
- net adjustments to/recoveries on discontinued operations after tax (+/-)	0	0
- other adjustments (+/-)	197,223	112,585
2. Liquidity generated/absorbed by financial assets	**1,533,465**	**1,802,140**
- financial assets held for trading	-1,382	42,238
- financial assets designated at fair value	0	0
- other assets mandatorily measured at fair value	7,175	-39,823
- financial assets measured at fair value through other comprehensive income	781,339	354,385
- financial assets measured at amortised cost	536,387	1,373,288
- other assets	209,946	72,052
3. Liquidity generated/absorbed by financial liabilities	**-2,897,701**	**-29,242**
- financial liabilities measured at amortised cost	-2,143,347	143,779
- financial liabilities held for trading	-1,974	-8,010
- financial liabilities designated at fair value	-26,968	-944
- other liabilities	-725,412	-164,069
4. Liquidity generated/absorbed by insurance contracts issued and outwards reinsurance	**0**	**0**
- insurance contracts issued that are liabilities/assets (+/-)	0	0
- outwards reinsurance that are assets/liabilities (+/-)	0	0
Net liquidity generated/absorbed by operating activities	**-936,243**	**1,577,730**
B. INVESTMENT ACTIVITIES		
1. Cash flows from	**266**	**322**
- sales of equity investments	210	0
- dividends collected on equity investments	0	0
- sales of property, plant and equipment	56	372
- sales of intangible assets	0	-50
- sales of business branches	0	0
2 Cash flows used in	**-17,477**	**-29,740**
- purchases of equity investments	-1,570	-300
- purchases of property, plant and equipment	-11,852	-23,853
- purchases of intangible assets	-4,055	-5,587
- purchases of business branches	0	0
Net liquidity generated/absorbed by investment activities	**-17,211**	**-29,419**
C. FUNDING ACTIVITIES		
- issue/purchase of treasury shares	318	-930
- issue/purchase of equity instruments	0	0
- dividend distribution and other	-14,812	-12,737
Net liquidity generated/absorbed by funding activities	**-14,494**	**-13,667**
NET LIQUIDITY GENERATED/ABSORBED IN THE YEAR	**-967,948**	**1,534,646**

RECONCILIATION	AMOUNT	
Item	31/12/2023	31/12/2022
Cash and cash equivalents at the beginning of the year	1,614,941	80,296
Total net liquidity generated/absorbed in the year	-967,948	1,534,645
Cash and cash equivalents: effect of exchange rate changes	0	0
Cash and cash equivalents at the end of the year	646,993	1,614,941

GRUPPO CASSA DI
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PART A
ACCOUNTING
POLICIES

A.1 – GENERAL PART

Section 1. Statement of compliance with the international accounting standards

Pursuant to IAS 1 § 16, it is hereby certified that the consolidated financial statements as at 31 December 2023 comply with all the international accounting standards IAS/IFRS applicable, as endorsed by the European Commission and in force as at 31 December 2023, 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.

Account was also taken of the Bank of Italy document "Update to the provisions of Circular no. 262 "Banks' financial statements: layout and presentation" in relation to the impacts of COVID-19 and support measures for the economy" of 14 March 2023 which repeals and replaces the previous Communication dated 21 December 2021.

This section illustrates the general principles for drafting the consolidated financial statements. 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 consolidated financial statements were drawn up under the assumption that the Group will be a going concern for a time period of at least 12 months from the date of their approval.

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 (*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 IFRS standards;
- 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 from 1 January 2023.

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 on 1 January 2023.

- 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.
- 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.
- 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.
- 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 new amendments applicable from 2023 had no impact on the consolidated financial statements as at 31 December 2023.

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 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 23 May 2023, the IASB published an amendment called *"Amendments to IAS 12 Income taxes: International Tax Reform - Pillar Two Model Rules"*. The document introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules and provides for specific reporting requirements for entities affected by the relevant *International Tax Reform*.
  The document provides for the immediate application of the temporary exception, while the report obligations will only apply to annual financial statements starting on 1 January 2023 (or later) but not to interim financial statements with a closing date prior to 31 December 2023.
- On 25 May 2023, the IASB published an amendment called *"Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements"*. The document requires an entity to provide additional information on reverse factoring agreements that allow users of the financial statements to assess how financial agreements with suppliers may affect the entity 's liabilities and cash flows as well as to understand the effect of such agreements on the entity's exposure to liquidity risk. The amendments will apply from 1 January 2024, but early application is permitted.

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

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

1. Investments in wholly-owned subsidiaries.

Company Name	Headquarters	Registered Office	Type of relationship (1)	Shareholding Relationship		% Voting Rights (2)
				Investing Company	%	
A. Companies						
A.1 Companies consolidated line-by-line						
1. Immobiliare Maristella S.r.l.	Asti	Asti	1	Cassa di Risparmio di Asti S.p.A.	100.00	100.00
2. Pitagora S.p.A.	Turin	Turin	1	Cassa di Risparmio di Asti S.p.A.	63.00	63.00
3. We Finance S.p.A.	Milan	Milan	1	Pitagora S.p.A.	47.97	47.97
4. Asti Finance S.r.l.*	Rome	Rome	4	Cassa di Risparmio di Asti S.p.A.	0	0
5. Asti Group PMI S.r.l.*	Rome	Rome	4	Cassa di Risparmio di Asti S.p.A.	0	0
6. Asti Group RMBS II S.r.l.*	Rome	Rome	4	Cassa di Risparmio di Asti S.p.A.	0	0
7. Asti Group RMBS III S.r.l.*	Rome	Rome	4	Cassa di Risparmio di Asti S.p.A.	0	0
9. Milone CQS S.r.l.	Conegliano	Conegliano	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 Article 26, paragraph 1 of Italian Legislative Decree 87/92
6. unified management under Article 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. In 2023, the company We Finance, in partial execution of a shareholders' proxy, increased its share capital by offering in option 1,500,000 shares to all shareholders at the price of € 1 each. As a result of the offer, Pitagora subscribed to its stake and also to the shares that remained unopted, thus bringing its interest to 76.15%. The stake held indirectly by the Parent Company is 47,97%.

Also included in the scope of consolidation are shareholdings over which the Parent Company exercises significant influence, as the shares held indirectly are between 20% and 50%. These companies are carried at equity. In 2023, the subsidiary Pitagora purchased 40% of the shares of the company Fa.ro S.r.l.

Company Name	Headquarters	Registered Office	Shareholding Relationship	
			Investing Company	%
Edera S.r.l.	Turin	Turin	Pitagora S.p.A.	35.00
Fa.ro. S.r.l.	Rome	Rome	Pitagora S.p.A.	40.00

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

In drawing up the consolidated financial statements as at 31 December 2023, 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	705
2. We Finance	52.03	52.03	0
3. Asti Finance S.r.l.	100.00	100.00	0
4. Asti Group PMI S.r.l.	100.00	100.00	0
5. Asti Group RMBS S.r.l.	100.00	100.00	0
6. Asti Group RMBS II S.r.l.	100.00	100.00	0
7. Asti Group RMBS III S.r.l.	100.00	100.00	0
8. Milone CQS S.r.l.	100.00	100.00	0
9. Manu SPV S.r.l.	100.00	100.00	0
10. Aida 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 31/12/2023

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.	646,233	677	602,391	18,821	496,596	81,409
2. We Finance S.p.A.	9,605	793	5,407	593	3,033	2,970

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.	(3,017)	62,538	(45,735)	12,731	8,030
2. We Finance S.p.A.	(73)	2,101	(2,795)	(750)	(756)

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	8,030	(258)	7,772
2. We Finance S.p.A.	0	(756)	0	(756)

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 2023 prepared by the subsidiaries were used for the preparation of the consolidated financial statements as at 31 December 2023, 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 (31.12.2023) 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

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.

The Directors are required to assess the going concern assumption and the consistency of the business models for the management of financial assets. The extraordinary crisis context generated by the Russia – Ukraine conflict, the more recent conflict in Palestine and the Gaza Strip, and the recent environmental natural disasters that struck various Italian regions, associated with the consequences of climate change, have led the Directors to assess 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. With regard to the Russia-Ukraine conflict, for 2023 very limited customer exposure to Russian counterparties is confirmed, both in terms of loans and advances and in securities and investment funds. The Group does not have subsidiaries or branch offices in the areas involved in the conflicts or in neighbouring countries. With reference to the new war front in Palestine, the Group has no exposures to counterparties residing in the territories involved in the conflicts.

In relation to the catastrophic events that have particularly affected the areas of Emilia Romagna during the year, the Group's exposures to subjects located in that area are limited as there are no agencies and branches in the territories subject to extreme weather events.

Having considered the level of capitalisation to be satisfactory, and considering that the Group has a consolidated history of profitable business and privileged access to financial resources, the Directors have the reasonable expectation that even in the current context, the Group will continue to operate in the foreseeable future. Therefore, they have prepared the consolidated financial statements as at 31 December 2023 applying 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 and the Group's capacity to continue operating as a going concern.

During the fourth quarter of 2023, the Group has prepared the 2024 Budget and the update of the 2022-2024 Strategic Plan, which was approved by the Board of Directors in January 2024, focusing on the planning of activities and assessment of the sustainability of the business model in light of changed reference macroeconomic and financial scenarios.

With regard to business development, the guidelines and action levers of the Group's 2022-2024 Strategic Plan are also fully confirmed in the most recent Plan update at the end of 2023. 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 changing market situation.

In addition, with the introduction of the Sustainability Plan, the three-year Plan provided for the evolution of the approach to ESG issues in order to concretely implement the company's actions and objectives and 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, also thanks to the creation, at the end of 2021, of the ESG Project and the related permanent cross-functional Working Group in the plan's time frame. The Working Group, divided into project areas, coordinated by the ESG Project Manager and led by the Project Management Committee, is entrusted with the implementation of the initiatives. Periodically, the newly established ESG and Sustainability Office reports on the progress of the activities carried out to the Management Committee, the Risks and Sustainability Committee, recently renamed following the expansion of sustainability competences, and to the Board of Directors. During 2023, 6 Management Committees meetings were held and a specific update was provided to the Board of Directors on 4 occasions. In December 2023, as part of the process of updating the 2022-2024 Strategic Plan, the Sustainability Plan was updated. The main actions undertaken by the Sustainability Plan concern the areas: "Integration of ESG risk factors in the phases of the credit process", "Development of new products and Commercial Policies" and "Monitoring and Reporting". The Sustainability Plan also includes minor initiatives in the following areas: “Environment”, “Human Resources”, “Digitalisation” and “Communication and relations with the community”.

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.

As regards the real estate market, the latest available EUROSTAT figures on nominal house prices refer to the second quarter of 2023 and, for the EU, in terms of year-on-year trend changes (second quarter 2023 compared to the second quarter 2022), show a decrease of 1.7% 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 2023 show a trend rate of growth, +0.7% compared to the same quarter of 2022.

In the third quarter of 2023, for the residential sector, there was still a trend decrease in trading volumes of purchases and sales compared to the same quarter of 2022 (-10.4%).

The reduction in trade is widespread throughout the country and involves the largest cuts.

In general terms, therefore, it should be noted that the house prices continue to rise, albeit more slightly than in the previous quarter, recording a year-on-year increase of 1.7% while the real estate market ended its growth phase in terms of volume and recorded an appreciable drop in purchases and sales for the third consecutive quarter.

In the third quarter of 2023, the non-residential sector suffered a 3% decrease in trading volume compared to the same period in 2022. For properties in the production sector, purchases and sales fell by 9.1% in the third quarter of 2023 with all areas of the country at a loss compared to the third quarter of 2022, with the exception of the North East, where volumes increased by almost 6%.

In relation to real estate assets and rights of use, there were, therefore, no trigger events requiring any impairment testing.

The first part of the year was marked by the crisis that struck several American regional banks and subsequently Credit Suisse in Switzerland. The insolvency of some intermediaries in the USA have generated tension on the global financial markets and have required the intervention of regulators in order to avoid the possibility of a domino effect on the banking system.
Inflation fell rapidly during the year. In the Eurozone, in December 2023, inflation fell to 2.9% from the peak of 10.6% in October 2022; in the United States, also in December, the consumer price index returned to 3.4% from the peak of 9.1% in June 2022.
The Central Banks' restrictive cycles have probably reached their end; the *Federal Reserv*e raised the benchmark rate to 5.50%, a level not seen in over 20 years. The plateau reached in July then remained unchanged throughout the second part of the year; in Europe, the ECB intervened 6 times, halting its action in September with rates at 4.5%.
As a result, the bond markets, after a volatile year, saw a significant recovery in value in the last months of the year, driven by heightened expectations of an upcoming turnaround in central bank monetary policies.
On a geopolitical level, the Ukrainian war front has been joined by the recent Israeli-Palestinian conflict, with outbreaks spread throughout the Middle East, making the political stability of the area less secure.
As at 31 December 2023, the Bank's government securities portfolio consisted entirely of EU member state government bonds (84% Italian government bonds and the remaining 7% bonds from Spain and Romania) of which 70% classified in the accounts at amortised cost (HTC) and 30% in the FVOCI portfolio.

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 government (related to the performance of 5-year Italy CDS), while remaining at low values, ended 2023 higher than at the end of the previous year. During the year, the 5-year CDS in Italy experienced a fluctuating trend, recording relatively higher values in the period between mid-March and mid-May and in October.

Again with reference to the Italian government bonds in the securities portfolio, in terms of hedge accounting, there are hedges (fair value hedging) consisting of IRS-type derivative instruments entered into against the interest rate risk attributable to these instruments.

The quantification of the hedging of performing loans (Stage 1 and Stage 2) as at 31 December 2023 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 risk parameters, estimated 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 non-performing status (portfolio component);
- the prospective expectations of national and international economic performance (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. These statistical models take into account the geographical characteristics of the counterparties, as well as the sectors of economic activity of the corporate customers.

By feeding the above statistical models with prospective input data from infoprovider sources, the forward-looking risk metrics were estimated with a multi-scenario approach. This approach provides for the application of weighting percentages to the forecast development scenarios of the economic cycle (30% *DOWN* scenario, 30% UP scenario, 40% *BASELINE* scenario).

With regard to non-performing loans (stage 3), the related assessment takes into account 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 Bank’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).

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.

For non-financial assets, given the economic crisis triggered by the Russia-Ukraine conflict and the Israeli-Palestinian 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 2023. 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 2023 interim 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 on 31 December 2023 did not bring to light elements indicating that intangible assets or goodwill had suffered impairment.

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 to the tax consolidation.

The criteria adopted for drawing up the Consolidated Financial Statements, in application of the IAS/IFRS accounting standards 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 by debt securities, equity 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* business 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 securities, 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 accrued profit (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 securities, 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 equity investment is estimated, taking into consideration the present value of future cash flows that the equity 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 allocations to 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 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 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.

Transfer by contribution of the acquiring business branch

On 28 December 2023, Banca di Asti finalised the transfer by contribution of its merchant acquiring activities to BCC Pay S.p.A. in accordance with the framework agreement of 24 October 2023. The closing took place after obtaining the necessary authorisations from the Bank of Italy and has enabled the valuation of the Bank's commercial assets, freeing up resources for further capital strengthening. The transaction took the form of the transfer by contribution of the e-money business through the contribution of the relevant business branch to the company BCC Pay of the Pay Holding Group. The branch consists of assets functional to the operation of the business, a legal employment relationship, liabilities inherent in the employment relationship and merchant acquiring contracts as well as related service contracts. According to the contractual framework of the transaction, against the subscription of the capital increase of BCC Pay S.p.A., the Bank in December 2023 made the transfer by contribution of the merchant acquiring business branch. Subsequently, in January 2024, the company PayCo Holding S.p.A. purchased the newly subscription of BCC Pay shares from the Bank for an agreed fixed consideration of € 37 million. By virtue of further consideration, the framework agreement provides that Pay Holding S.p.A shall pay two variable components upon the occurrence of two conditions of a prospective nature, tied to certain economic and qualitative targets that will be assessed one year from the date of closing.
The transaction has allowed the Bank to record a capital gain of approximately € 37 million, recorded under item 200 “Other operating expenses/income”.
Banca di Asti also launched a commercial partnership for the promotion and placement of BCC Pay's acquiring products for its customers, signing with the latter a ten-year distribution agreement, renewable, with an exclusivity constraint.

Targeted Longer-Term Refinancing Operations – TLTRO III

In March 2019, the Governing Council of the European Central Bank had 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 banking institution was set at 55% (from March 2021) of the respective balances as at the reference date (28 February 2019), less any amount financed through the TLTRO II operation and still existing as at the settlement date for the TLTRO III operation.
From September 2021, on a quarterly basis, each participant could have exercised 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 was set equal to the prevailing rate applicable to each operation, except for the period between 24 June 2020 and 23 June 2022 in which a reduction of 50 basis points was to be applied to the rate subject to reaching certain benchmarks in the disbursement of eligible net loans. Interest was deferred at the maturity of each TLTRO III operation 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 operations 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 was 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 2023, the ECB funding operations for the Group referred entirely to TLTRO III financing subscribed by the Parent Company, Banca di Asti, and totalled € 500 million.
Taking into account the various mechanisms envisaged by the settlement of transactions, in the Consolidated Financial Statements as at 31 December 2023, these were recognised under item “20. Interest expense and similar charges" for € 56.6 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. In 2021, 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 qualified

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 allows 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 (AT1) capital

In 2020, Banca di Asti issued an *Additional Tier 1* (AT1) capital 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.
In 2023 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 2023, in order to decrease the reserves an accrual for the period of € 626 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 Italian 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. In 2023, the Group purchased tax credit from customers for a nominal amount of € 258.6 million and in the first half of 2023 approximately € 186.6 million; net of the transfers made, the acquired receivables are within the limit of the taxable amount that can be offset.

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".

Extraordinary tax pursuant to Italian Law Decree no. 104/2023.

Italian Law Decree no. 104 of 10 August 2023 introduced an extraordinary tax on the interest margin of banks. With Italian Law no. 136 of 9 October 2023, the Law Decree was converted into law with amendments.
The provision stipulates that the tax on banks' extra-profits is calculated by applying a rate of 40% on the amount of the interest margin included in item 30 of the Income Statement prepared in accordance with the formats approved by the Bank of Italy for the financial year prior to the year in progress on 1 January 2024 that exceeds the same margin by at least 10% in the financial year prior to the year in progress on 1 January 2022. The amount of the extraordinary tax, in any event, may not exceed 0.26% of the total amount of risk exposure on an individual basis, determined in accordance with paragraphs 3 and 4 of Article 92 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013, by reference to the closing date of the financial year preceding that in progress on 1 January 2023.
The extraordinary tax, which will be paid in 2024, will not be deductible for IRES and IRAP purposes.
The conversion of the Decree also introduced the right, in lieu of payment of the tax, to allocate, upon approval of the 2023 financial statements, an amount not less than 2.5 times the amount of the tax itself to a non-distributable reserve that meets the conditions set forth in EU Regulation no. 575/2013 for eligibility as elements of Common equity Tier 1 (CET1) capital. The said reserve must be usable without restriction and without delay by the entity to cover risks or losses when such risks or losses occur. If the reserve is used in the future for the distribution of the profit, the Bank will have to pay the amount due for the tax plus the interest accrued in the meantime, within 30 days of the approval of the resolution for its use.
In this regard the Bank availed itself of the right provided for by Article 26 (5 bis) of Italian Law no. 136/2023, proposing to the Shareholders' Meeting at the time of approval of the 2023 financial statements the establishment of a non-distributable reserve in lieu of payment of the extraordinary tax. The amount of the allocation to the reserve came to € 36.2 million.

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 and advances 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 loans 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 value adjustments are 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 systems;
- 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 advances 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 31/12/2023			Total 31/12/2022		
	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	3	9,605	98,893	8	9,650	89,310
a) Financial assets held for trading	3	964	37,515	8	1,147	20,222
b) Financial assets designated at fair value	0	0	0	0	0	0
c) Other financial assets mandatorily measured at fair value	0	8,641	61,378	0	8,503	69,088
2. Financial assets measured at fair value through other comprehensive income	803,758	225,000	21,908	953,010	225,000	38,648
3. Hedging derivatives	0	18,312	0	0	176,574	0
4. Property, plant and equipment	0	0	0	0	0	0
5. Intangible assets	0	0	0	0	0	0
TOTAL	**803,761**	**252,917**	**120,801**	**953,018**	**411,224**	**127,958**
1. Financial liabilities held for trading	0	1,974	0	0	2,131	0
2. Financial liabilities designated at fair value	0	12,768	0	0	39,767	0
3. Hedging derivatives	0	112,954	0	0	7,785	0
TOTAL	**0**	**127,696**	**0**	**0**	**49,683**	**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	**89,310**	**20,222**	**0**	**69,088**	**38,648**	**0**	**0**	**0**
2. INCREASES	**53,974**	**48,031**	**0**	**5,943**	**2,698**	**0**	**0**	**0**
2.1. Purchases	11,448	10,404	0	1,044	19	0	0	0
2.2. Profits recognised in:	29,395	29,395	0	0	2,488	0	0	0
2.2.1. Income statement	29,395	29,395	0	0	2,272	0	0	0
of which: capital gains	28,048	28,048	0	0	0	0	0	0
2.2.2. Shareholders' equity	0	X	0	X	216	0	0	0
2.3. Transfers from other levels	0	0	0	0	0	0	0	0
2.4. Other increases	13,131	8,232	0	4,899	191	0	0	0
3. DECREASES	**44,391**	**30,738**	**0**	**13,653**	**19,438**	**0**	**0**	**0**
3.1. Sales	1,955	1,476	0	479	1,686	0	0	0
3.2. Redemptions	3,610	3,610	0	0	15,430	0	0	0
3.3. Losses recognised in:	34,965	25,652	0	9,313	2,322	0	0	0
3.3.1. Income statement	34,965	25,652	0	9,313	1,135	0	0	0
of which: capital losses	34,965	25,652	0	9,313	0	0	0	0
3.3.2. Shareholders' equity	0	X	0	X	1,187	0	0	0
3.4. Transfers to other levels	0	0	0	0	0	0	0	0
3.5. Other decreases	3,861	0	0	3,861	0	0	0	0
4. CLOSING BALANCE	**98,893**	**37,515**	**0**	**61,378**	**21,908**	**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 31/12/2023				Total 31/12/2022			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	9,593,127	1,665,051	0	7,726,007	10,243,004	2,481,108	0	7,761,896
2. Property, plant and equipment held for investment purposes	50,440	0	0	70,432	51,797	0	0	73,452
3. Non-current assets held for sale and discontinued operations	2,375	0	0	2,375	3,987	0	0	3,987
TOTAL	**9,645,942**	**1,665,051**	**0**	**7,798,815**	**10,298,788**	**2,481,108**	**0**	**7,839,335**
1. Financial liabilities measured at amortised cost	11,150,840	0	1,127,779	8,866,755	13,239,537	0	1,094,974	12,078,194
2. Liabilities associated with assets classified as held for sale	0	0	0	0	0	0	0	0
TOTAL	**11,150,840**	**0**	**1,127,779**	**8,866,755**	**13,239,537**	**0**	**1,094,974**	**12,078,194**

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 2023	Total 2022
a) Cash	62,792	60,518
b) Current accounts and demand deposits with Central Banks	555,123	1,540,086
c) Current accounts and demand deposits with banks	29,078	14,337
Total	**646,993**	**1,614,941**

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

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 2023			Total 2022		
Items/Amounts	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Financial assets (non-derivatives)						
1. Debt securities	3	0	0	8	0	0
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	3	0	0	8	0	0
2. Equity securities	0	0	0	0	0	0
3. Units of UCITS	0	0	0	0	0	0
4. Loans	0	0	37,515	0	0	20,222
4.1 Repurchase agreements	0	0	0	0	0	0
4.2 Other	0	0	37,515	0	0	20,222
Total (A)	**3**	**0**	**37,515**	**8**	**0**	**20,222**
B. Derivatives						
1. Financial derivatives:	0	964	0	0	1,147	0
1.1 Trading	0	948	0	0	1,016	0
1.2 Linked to fair value option	0	16	0	0	131	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**	**964**	**0**	**0**	**1,147**	**0**
Total (A+B)	**3**	**964**	**37,515**	**8**	**1,147**	**20,222**

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 € 858 thousand relating to securitisation transactions.

2.2 FINANCIAL ASSETS HELD FOR TRADING: BREAKDOWN BY BORROWER/ISSUER/COUNTERPARTY Items/Amounts	Total 2023	Total 2022
A. Financial assets (non-derivatives)		
1. Debt securities	**3**	**8**
a) Central Banks	0	0
b) Public administration	0	0
c) Banks	0	0
d) Other financial companies	3	8
of which: insurance companies	0	0
e) Non-financial companies	0	0
2. Equity securities	**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	**37,515**	**20,222**
a) Central Banks	0	0
b) Public administration	73	39
c) Banks	0	0
d) Other financial companies	115	86
of which: insurance companies	114	86
e) Non-financial companies	155	121
f) Households	37,172	19,976
Total (A)	**37,518**	**20,230**
B. Derivatives		
a) Central Counterparties	0	0
b) Other	964	1,147
Total (B)	**964**	**1,147**
Total (A+B)	**38,482**	**21,377**

2.5 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY TYPE Items/Amounts	Total 2023			Total 2022		
	L1	L2	L3	L1	L2	L3
1. Debt securities	0	0	467	0	0	404
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	0	0	467	0	0	404
2. Equity securities	0	0	0	0	0	0
3. Units of UCITS	0	8,641	56,000	0	8,503	64,778
4. Loans	0	0	4,911	0	0	3,906
4.1 Repurchase agreements	0	0	0	0	0	0
4.2 Other	0	0	4,911	0	0	3,906
Total	**0**	**8,641**	**61,378**	**0**	**8,503**	**69,088**

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

The item “Debt securities” consists of:

- € 270 thousand from mezzanine and junior class securities connected to the Maggese securitisation transaction;
- € 26 thousand from mezzanine class securities connected to the Pop NPLs 2019 securitisation transaction;
- € 30 thousand from mezzanine and junior class securities connected to the Pop NPLs 2020 securitisation transaction;
- € 58 thousand from mezzanine and junior class securities connected to the BCC NPLs 2021 securitisation transaction;
- € 9 thousand from mezzanine class securities connected to the BCC NPLs 2022 securitisation transaction;
- € 46 thousand from mezzanine and junior class securities connected to the Luzzatti 2022 securitisation transaction;
- € 28 thousand from mezzanine and junior class securities connected to the Luzzatti 2023 securitisation transaction.

The "Units of UCITS" held by the Bank consist of:

- three Italian property funds: Fondo Core Nord Ovest NM for € 7,436 thousand, Fondo Alfieri Ret DS NM for € 20,008 thousand and Fondo Illimity Re Credit Fund for € 25,193 thousand;
- six closed-end reserved alternative investment funds: Illimity Credit and Corporate Turnaround Fund for € 3,557 thousand, IDEA CCR I Comparto Crediti for € 1,206 thousand, Fondo Atlante for € 1,677 thousand, Nextalia Private for € 1,530 thousand, Keystone for € 3,862 thousand and Nextalia Credit for € 172 thousand.

2.6 OTHER FINANCIAL ASSETS MANDATORILY MEASURED AT FAIR VALUE: BREAKDOWN BY BORROWER/ISSUER	Total 2023	Total 2022
1. Equity securities	**0**	**0**
of which: banks	0	0
of which: other financial companies	0	0
of which: non-financial companies	0	0
2. Debt securities	**467**	**404**
a) Central Banks	0	0
b) Public administration	0	0
c) Banks	0	0
d) Other financial companies	467	404
of which: insurance companies	0	0
e) Non-financial companies	0	0
3. Units of UCITS	**64,641**	**73,281**
4. Loans	**4,911**	**3,906**
a) Central Banks	0	0
b) Public administration	0	0
c) Banks	2	44
d) Other financial companies	4,909	3,862
of which: insurance companies	0	0
e) Non-financial companies	0	0
f) Households	0	0
Total	**70,019**	**77,591**

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 2023			Total 2022		
Items/Amounts	L1	L2	L3	L1	L2	L3
1. Debt securities	802,950	0	0	952,199	0	0
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	802,950	0	0	952,199	0	0
2. Equity securities	**808**	**225,000**	**629**	**811**	**225,000**	**1,096**
3. Loans	**0**	**0**	**21,279**	**0**	**0**	**37,552**
Total	**803,758**	**225,000**	**21,908**	**953,010**	**225,000**	**38,648**

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 € 518,377 thousand;
- securities issued by EU member states for a carrying amount of € 284,573 thousand.

The item 'Equity securities' 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 2023	Total 2022
1. Debt securities	**802,950**	**952,199**
a) Central Banks	0	0
b) Public administration	802,950	952,199
c) Banks	0	0
d) Other financial companies	0	0
of which: insurance companies	0	0
e) Non-financial companies	0	0
2. Equity securities	**226,437**	**226,907**
a) Banks	225,807	225,807
b) Other issuers:	630	1,100
- other financial companies	278	748
of which: insurance companies	0	0
- non-financial companies	352	352
- other	0	0
3. Loans	**21,279**	**37,552**
a) Central Banks	0	0
b) Public administration	468	392
c) Banks	0	0
d) Other financial companies	263	278
of which: insurance companies	263	268
e) Non-financial companies	212	233
f) Households	20,336	36,649
Total	**1,050,666**	**1,216,658**

As at 31 December 2023, financial assets measured at fair value through other comprehensive income are mostly attributable to Italian borrowers/issuers, with the following exceptions:

- € 35 thousand relating to the investee company SWIFT;
- € 284 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	803,177	802,950	0	0	0	-227	0	0	0	**0**
Loans	17,229	17,229	10	5,694	0	-132	0	-1,522	0	**0**
Total 2023	**820,406**	**820,406**	**10**	**5,694**	0	**-359**	**0**	**-1,522**	0	**X**
Total 2022	**986,075**	**986,075**	**212**	**7,741**	**0**	**-484**	**-6**	**-3,787**	**0**	**0**

** Value to be presented for disclosure purposes*

IMPAIRMENT TEST ON FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In accordance with IFRS, the bonds in the FVOCI portfolio were subject to impairment test with the recognition of a value adjustment of € 227 thousand entirely attributable to instruments classified in stage 1; the loans in the FVOCI portfolio were subject to impairment test with the recognition of a value adjustment of € 1,654 thousand, of which € 132 thousand attributable to stage 1 and € 1,522 to stage 3.

SECTION 4 – FINANCIAL ASSETS MEASURED AT AMORTISED COST - ITEM 40

4.1 FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF LOANS AND ADVANCES TO BANKS	Total 2023						Total 2022					
	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	**66,386**	**0**	**0**	**0**	**0**	**66,386**	**78,606**	**0**	**0**	**0**	**0**	**78,606**
1. Time deposits	0	0	0	X	X	X	0	0	0	X	X	X
2. Compulsory reserve	66,386	0	0	X	X	X	78,606	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	**125,900**	**6**	**0**	**0**	**0**	**125,888**	**7,229**	**2**	**0**	**0**	**0**	**7,231**
1. Loans	125,900	6	0	0	0	125,888	7,229	2	0	0	0	7,231
1.1 Current accounts	1,141	0	0	X	X	X	259	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:	124,759	6	0	X	X	X	6,970	2	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	124,759	6	0	X	X	X	6,970	2	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	**192,286**	**6**	**0**	**0**	**0**	**192,274**	**85,835**	**2**	**0**	**0**	**0**	**85,837**

Key
FV = Fair value
BV = Book value

The item "Other loans - Other" consists primarily of the guarantee deposit guaranteeing derivative contracts for € 107,560 thousand.

4.2 FINANCIAL ASSETS MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF LOANS AND ADVANCES TO CUSTOMERS	Total						Total					
	2023						2022					
	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	**7,166,665**	**161,552**	**15,099**	**0**	**0**	**7,343,316**	**7,247,097**	**213,394**	**12,064**	**0**	**0**	**7,472,555**
1. Current accounts	352,126	9,964	264	X	X	X	321,042	13,879	552	X	X	X
2. Reverse repurchase agreements			0	X	X	X	0	0	0	X	X	X
3. Mortgages	4,621,518	112,468	13,610	X	X	X	4,800,297	167,221	9,997	X	X	X
4. Credit cards and personal loans, including salary and pension assignment	1,378,516	28,357	904	X	X	X	1,217,652	22,522	1,131	X	X	X
5. Lease loans			0	X	X	X	0	0	0	X	X	X
6. Factoring			0	X	X	X	0	0	0	X	X	X
7. Other loans	814,505	10,763	321	X	X	X	908,106	9,772	384	X	X	X
2. Debt securities	**2,057,439**	**80**	**0**	**1,665,051**	**0**	**190,417**	**2,684,612**	**0**	**0**	**2,481,108**	**0**	**203,504**
2.1. Structured securities	0	0	0	0	0	0	0	0	0	0	0	0
2.2. Other debt securities	2,057,439	80	0	1,665,051	0	190,417	2,684,612	0	0	2,481,108	0	203,504
Total	**9,224,104**	**161,632**	**15,099**	**1,665,051**	**0**	**7,533,733**	**9,931,709**	**213,394**	**12,064**	**2,481,108**	**0**	**7,676,059**

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

Debt securities primarily consist of:

- € 1,719,950 thousand from securities issued by the Italian State;
- € 141,847 thousand from securities issued by EU member states;
- € 99,775 thousand from senior class securities connected to the Maggese securitisation transaction with derecognition;
- € 8,937 thousand from securities representing loans disbursed by Credimi;
- € 8,985 thousand from senior class securities connected to the Pop NPLs 2019 securitisation transaction with derecognition;
- € 11,277 thousand from senior class securities connected to the Pop NPLs 2020 securitisation transaction with derecognition;
- € 21,663 thousand from senior class securities connected to the BCC NPLs 2021 securitisation transaction with derecognition;
- € 4,735 thousand from senior class securities connected to the BCC NPLs 2022 securitisation transaction with *derecognition*;
- € 15,450 thousand from securities representing loans disbursed by Luzzatti Pop NPLs 2022;
- € 11,695 thousand from securities representing loans disbursed by Luzzatti Pop NPLs 2023;
- € 13,205 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 € 18,119 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 Type of transaction/Amounts	Total 2023			Total 2022		
	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	**2,057,439**	**80**	**0**	**2,684,612**	**0**	**0**
a) Public administration	1,861,797	0	0	2,480,812	0	0
b) Other financial companies	187,705	0	0	194,572	0	0
of which: insurance companies		0	0		0	0
c) Non-financial companies	7,937	80	0	9,228	0	0
2. Loans to:	**7,166,665**	**161,552**	**15,099**	**7,247,097**	**213,394**	**12,064**
a) Public administration	36,679	3,104	2	40,232	2,069	2
b) Other financial companies	110,672	1,828	0	108,225	2,385	0
of which: insurance companies	5,718	27	0	3,705	0	0
c) Non-financial companies	2,513,013	62,230	7,724	2,580,967	101,691	6,722
d) Households	4,506,301	94,390	7,373	4,517,673	107,249	5,340
Total	**9,224,104**	**161,632**	**15,099**	**9,931,709**	**213,394**	**12,064**

4.4 FINANCIAL ASSETS MEASURED AT AMORTISED COST: GROSS VALUE AND OVERALL VALUE ADJUSTMENTS Type of transaction/Amounts	Gross value					Overall value adjustments				*Total partial write-offs**
	Stage 1	of which: instruments with low credit risk	Stage 2	Stage 3	*purchased or originated credit impaired*	Stage 1	Stage 2	Stage 3	*purchased or originated credit impaired*	
Debt securities	1,958,973	1,958,973	99,938	100	0	-1,310	-162	-20	0	0
Loans	6,736,573	1,070,985	676,422	301,611	31,657	-17.727	-36,317	-140,053	-16,558	31,965
Total 2023	**8,695,546**	**3,029,958**	**776,360**	**301,711**	**31,657**	**-19,037**	**-36,479**	**-140,073**	**-16,558**	**31,965**
Total 2022	**9,208,351**	**3,362,510**	**871,454**	**372,098**	**16,715**	**-15,656**	**-46,605**	**-158,702**	**-4,651**	**36,754**

** Value to be presented for disclosure purposes*

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 HEDGING TYPE AND UNDERLYING ASSET	*Fair value 2023*			NV	*Fair value 2022*			NV
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives	**0**	**18,312**	**0**	**200,000**	**0**	**176,574**	**0**	**1,760,000**
1) Fair value	0	18,312	0	200,000	0	176,574	0	1,760,000
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**	**18,312**	**0**	**200,000**	**0**	**176,574**	**0**	**1,760,000**

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 securities and stock indices	Currencies and gold	Credit	Commodities	Other				
1. Assets measured at fair value through other comprehensive income	18,312	0	0	0	X	X	X	0	X	X
2. Financial assets measured at amortised cost	0	X	0	0	X	X	X	0	X	X
3. Portfolio	X	X	X	X	X	X	0	X	0	X
4. Other transactions	0	0	0	0	0	0	X	0	X	0
Total assets	**18,312**	**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 2023	Total 2022
A. Opening balance	**86**	**84**
B. Increases	**109**	**2**
B.1 Purchases	105	0
B.2 Write-backs	0	0
B.3 Revaluations	0	0
B.4 Other changes	4	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	**195**	**86**
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 2023	Total 2022
1. Owned assets	**118,345**	**113,154**
a) land	18,251	14,889
b) buildings	82,893	83,204
c) furniture and furnishings	7,422	6,355
d) electronic equipment	5,046	3,344
e) other	4,733	5,362
2. Rights of use acquired with leases	**39,750**	**38,715**
a) land	0	0
b) buildings	39,120	38,038
c) furniture and furnishings	43	16
d) electronic equipment	0	0
e) other	587	661
Total	**158,095**	**151,869**
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 2023				Total 2022			
	Book value	*Fair value*			Book value	*Fair value*		
Asset/Amounts		L1	L2	L3		L1	L2	L3
1. Owned assets	**50,440**	**0**	**0**	**70,432**	**51,797**	**0**	**0**	**73,452**
a) land	16,189	0	0	18,819	14,909	0	0	16,053
b) buildings	34,251	0	0	51,613	36,888	0	0	57,399
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	**50,440**	**0**	**0**	**70,432**	**51,797**	**0**	**0**	**73,452**
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	**14,889**	**199,407**	**43,534**	**41,406**	**53,527**	**352,763**
A.1 Total net decreases	0	78,165	37,163	38,062	47,504	200,894
A.2 Net opening balance	**14,889**	**121,242**	**6,371**	**3,344**	**6,023**	**151,869**
B. Increases:	**3,362**	**30,242**	**2,349**	**3,344**	**3,538**	**42,835**
B.1 Purchases	2,981	23,958	2,325	3,344	3,521	**36,129**
B.2 Capitalised expenditure on improvements	0	1	0	0	0	**1**
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	381	1,827	X	X	X	**2,208**
B.7 Other changes	0	4,456	24	0	17	**4,497**
C. Decreases:	**0**	**29,471**	**1,255**	**1,642**	**4,241**	**36,609**
C.1 Sales	0	0	26	0	0	**26**
C.2 Depreciation	0	9,508	1,226	1,591	2,112	**14,437**
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	19,963	3	51	2,129	**22,146**
D. Net closing balance	**18,251**	**122,013**	**7,465**	**5,046**	**5,320**	**158,095**
D.1 Total net decreases	0	84,248	38,334	39,097	49,499	211,178
D.2 Gross closing balance	**18,251**	**206,261**	**45,799**	**44,143**	**54,819**	**369,273**
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	**14,909**	**36,888**
B. Increases	**1,700**	**2,581**
B.1 Purchases	243	932
B.2 Capitalised expenditure on improvements	0	36
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	1,457	1,613
C. Decreases	**420**	**5,218**
C.1 Sales	39	508
C.2 Depreciation	0	1,426
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:	381	0
a) properties used in the business	381	0
b) non-current assets held for sale and discontinued operations	0	0
C.7 Other changes	0	3,284
D. Closing balance	**16,189**	**34,251**
E. Measured at fair value	18,819	51,613

The cost valuation criterion is used for all asset classes.

SECTION 10 – INTANGIBLE ASSETS - ITEM 100

10.1 INTANGIBLE ASSETS: BREAKDOWN BY TYPE OF ASSETS	Total 2023		Total 2022	
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	**17,488**	**0**	**20,876**	**0**
Of which: software	7,007	0	8,358	0
A.2.1 Assets carried at cost	17,488	0	20,876	0
a) Intangible assets generated internally	0	0	0	0
b) Other assets	17,488	0	20,876	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	**17,488**	**66,269**	**20,876**	**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

In accordance with the indications of the Supervisory Authorities, Banca di Asti has carried out the impairment test on intangible assets and goodwill as at 31 December 2023.

Following the merger by incorporation of Biverbanca into Banca di Asti which took place in 2021, goodwill and intangible assets with a finite useful life previously referable to the former Biverbanca CGU were allocated to the Banca di Asti CGU, identified in the Parent Company's overall banking business net of the contribution of the Pitagora and We Finance CGUs.

The impairment test is aimed at verifying that the recoverable amount of an asset is not lower than its book value at the reporting date. If the test shows a recoverable amount lower than the book value, the difference constitutes an impairment loss to be charged to the income statement, aligning the book value to the recoverable amount thus determined.
Intangible assets with a finite useful life, subject to annual amortisation, are tested for impairment whenever there is evidence of impairment.
Goodwill, as required by IAS 36, must be tested for impairment at least once a year.
With reference to goodwill, which by its nature cannot be measured independently, the impairment test must be carried out with reference to the CGU to which it is allocated. Pursuant to IAS 36, CGU means the smallest group of assets that generates largely independent cash inflows and also the minimum level at which the internal planning and reporting processes are managed. Therefore, this is the minimum level at which goodwill can be allocated, according to non-arbitrary criteria, and monitored.
As required by IAS 36, for the purposes of the impairment test, the recoverable amount is defined as the higher of the “value in use” and the “fair value” net of disposal costs.
The fair value represents the price that would be received for the sale of an asset (CGU) in an orderly transaction between market participants at the valuation date. For the purposes of IAS 36, the fair value must be considered net of disposal costs.
The value in use expresses the present value of future cash flows that are expected to be received from the continuous “use” of the asset (CGU).
Pursuant to IAS 36, it is not always necessary to determine both configurations of recoverable amount, if one of the two is higher than the book value. It is therefore sufficient for at least one of the two recoverable amount configurations to be higher than the book value for the impairment test to be considered passed.
The impairment test process is generally divided into the following main phases:

- identification of the asset (CGU) subject to testing;
- determination of the recoverable amount;

- determination of the book value of the asset (CGU), in line with the methods for determining the recoverable amount;
- comparison between recoverable amount and book value.

For the purposes of the impairment test, a methodological framework and an evaluation approach were adopted in continuity with previous years.
The impairment test on goodwill was developed with reference to the value-in-use configuration, determined on the basis of the Dividend Discount Model ("DDM") methodology in its variant with "Excess Capital".
The DDM method was developed on the basis of the balance sheets as at 31 December 2023 and the economic, equity and financial projections approved by the Board of Directors of Banca di Asti on 25 January 2024.
The valuation parameters were updated on the basis of the market data at the reporting date.
Sensitivity analyses were also carried out in order to verify the variability of the results as the main valuation parameters and expected result flows change.
Lastly, a stress analysis was carried out on the individual parameters considered singularly on the basis of which the recoverable amount equals the book value.

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 2022;
- Draft financial statements as at 31 December 2023, approved by the Board of Directors;
- Economic and financial projections for the 2024-2028 period of Banca di Asti approved by the Board of Directors of Banca di Asti on 25 January 2024;
- 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, etc.).

With reference to Pitagora:

- Financial statements as at 31 December 2022;
- Draft financial statements as at 31 December 2023, approved by the Pitagora's Board of Directors;
- Economic and financial projections for the 2024-2028 period approved by the Board of Directors of Pitagora on 5 February 2024;
- 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 2022;
- Draft financial statements as at 31 December 2023, approved by the We Finance's Board of Directors;

- Economic and financial projections for the 2024-2028 period approved by the Board of Directors of We Finance on 13 December 2023;
- 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 affected by the uncertainty and volatility present on the financial markets as a result of the geopolitical situation characterised by the escalation of the Israeli-Palestinian conflict and the protracted Russian-Ukrainian conflict, and the effects of a restrictive monetary policy adopted by the Central Bank.

A) *Impairment Test* on 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 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 referrable 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 and We Finance CGUs.

The goodwill set forth in the consolidated financial statements of the Cassa di Risparmio di Asti Group as at 31 December 2023, 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 of full control over Biverbanca by Banca di Asti.

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 2023, the carrying amount of the CGU is equal to € 900.7 million and was determined on the basis of the sum of:

- Tangible shareholders' equity (excluding software) as at 31 December 2023 equal to € 994.1 million, net of the contribution of the subsidiary Pitagora and We Finance equal to € 93.4 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 Banca di Asti CGU at the reporting date of 31 December 2023, 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 (in the Excess Capital version commonly adopted in the banking and financial sectors) determines the value of a company (based on the potential dividends that it is estimated to be distributable to its shareholders prospectively, while maintaining an adequate level of capitalisation in line with regulatory requirements and consistent with the risk profile of its business. The DDM adopted is 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 = Discount 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

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 2023 and the 2024-2028 financial and economic projections.
Consistently with the methods for determining the carrying amount, the contribution of Pitagora and We Finance in terms of profitability and contribution to the supervisory capital of Banca di Asti was reversed. A capital requirement equal to the Tier 1 ratio of 11.45% and a Total Capital Ratio of 13.95% was considered in the development of distributable flows, in line with supervisory regulations and the outcome of the last SREP for the CR Asti Group.

Cost of equity

The cost of equity, equal to 10.95% (9.89% as at 31 December 2022), was estimated on the basis of the Capital Asset Pricing Model (CAPM), considering:

- rate of return on risk-free investments, estimated at 4.18% (3.06% as at 31 December 2022), equal to the average annual yield of BTPs with a ten-year maturity;
- beta, correlation factor between the actual return on a share and the total return on the reference market, assumed to be 1.128 (1.139 as at 31 December 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 31 December 2022), in line with valuation practice in the Italian market.

Terminal value

The terminal value was determined by assuming:

- the potentially distributable dividend at the end of the plan horizon taking into account the capital requirements considered;

the long-term growth rate, assumed to be 2.0% (2.0% as at 31 December 2022), 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 an average recoverable amount equal to € 1,096 million against the carrying amount of the Banca di Asti CGU in the consolidated financial statements equal to € 901 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)	**10.95%**	**13.67% (+272 bps)**
Long-term growth rate (g)	2.00%	Negative/not significant
Net profit in the last projection year	€ 120.1 million	€ 93.4 million (-22.2%)

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 2023, the carrying amount of those intangible assets after annual amortisation is as follows:

- *Core deposits* linked to savings deposits for € 9.5 million;
- *Assets under Management and Assets under Custody* of € 0.7 million.

Specifically, *Core deposits* and intangible assets linked to *Assets under Management* and *under Custody* have a residual life of between 7 years for Core deposits and one 1 year for Assets under Management and under Custody.

The annual amortisation of Core Deposits is equal to roughly € 1.4 million and of Assets under Management and under Custody to € 0.7 million.
The value of such intangible assets is based in particular on the following variables:

- evolution of volumes over time, throughout the remaining useful life;
- profitability (mark down and commission income);
- direct costs;
- discount rate.

Based on the situation as at 31 December 2023, the following is noted:

- compared to the book value when allocating the acquisition price under IFRS 3 ("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 61.1% and 91.7%, respectively;
- volumes of direct funding relating to current accounts and savings deposits equal to € 7,465 million, compared to € 1,154 million at the time of the PPA;
- volumes of indirect funding amounted to € 7,361 million as at 31 December 2023, compared to € 2,475 million at the time of the PPA;
- in terms of profitability, the average mark down of Core deposits in 2023 (current account and time deposits) remained positive and equal to 289 bps, depending on the rate increase observed during the year. The mark down estimated at the time of the PPA for the year 2023 was positive and equal to 127 bps. It is reasonable to believe that (i) as a function of the rise in rates observed during the financial year and the expected reference rate scenario, this value will continue to remain substantially stable in the short-medium term and (ii) 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 under Custody increased compared to the PPA figure and totalled around 58 bps compared to around 31 bps estimated at the time of the PPA.

- the cost-income ratio is substantially in line with that estimated at the time of the PPA, and equal to 58.8%.
- As at 31 December 2023, the discount rate represented by the cost of equity was 11.0%, above to that adopted at the time of the PPA (9.7%).

As at 31 December 2023, 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 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 2023, 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 2023, 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 2023 equal to € 92.1 million;
- Goodwill equal to € 8,895 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 € 3,4 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 2023, 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 2023 and the economic, equity and financial projections approved by the Board of Directors of Banca di Asti on 25 January 2024.

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 = Discount 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

<u>Dividends potentially distributable in the projection period</u>

The potentially distributable dividend flows were defined on the basis of the financial position as at 31 December 2023 and the 2024-2028 financial and economic projections.

Consistently with the methods for determining the carrying amount, the contribution of We Finance in terms of profitability and contribution to the supervisory capital of Pitagora was reversed.

In the development of the distributable flows, a capital absorption equal to a Tier 1 ratio of 6% (6% as at 31 December 2022) was considered, in line with the current Supervisory Authority provisions for financial entities like Pitagora.

<u>Cost of equity</u>

The cost of equity, equal to 11.45% (9.89% as at 31 December 2022), was estimated on the basis of the Capital Asset Pricing Model (CAPM), considering:

- rate of return on risk-free investments, estimated at 4.18% (3.06% as at 31 December 2022), equal to the average annual yield of BTPs with a ten-year maturity;
- beta, correlation factor between the actual return on a share and the total return on the reference market, assumed to be 1.212 (1.139 as at 31 December 2022) on the basis of the average coefficient reported on a sample of companies operating in the reference market (average surveys at 5 years, monthly);
- *market risk premium*, equal to 6.0% (6.0% as at 31 December 2022), in line with valuation practice in the Italian market.

<u>Terminal value</u>

The terminal value was determined by considering:

- the potentially distributable dividend at the end of the plan horizon taking into account the capital requirements considered;
- the long-term growth rate, assumed to be 2.0% (2.0% as at 31 December 2022), 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 development of the DDM method on the basis of the approach described leads to the estimate of an average recoverable amount of € 170 million, against the carrying amount of the Pitagora S.p.A. CGU in the consolidated financial statements equal to € 92 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 € 92 million and € 170 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)	**11.45%**	**25.88 (+1,493 bps)**
Long-term growth rate (g)	2.00%	Negative/not significant
Net profit in the last projection year	€ 14.5 million	€ 3.0 million (-79.3%)

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 measuring 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 2023, 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 2023, the carrying amount of the CGU is equal to € 3.1 million and was determined on the basis of the sum of:

- Shareholders' equity of We Finance as at 31 December 2023 equal to € 3.0 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 amount, 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;
- In addition, in 2023, Pitagora increased its shareholding by 1.2% following the subscription of the unexercised option during the capital increase in the year.

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 2023 and the economic, equity and financial projections approved by the Board of Directors of Banca di Asti on 25 January 2024.

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 = Discount 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

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 2023 and the 2024-2028 financial and economic projections.

The potentially distributable dividend flows were defined on the basis of the financial position as at 31 December 2023 and the 2024-2028 financial and economic projections.

In the development of the distributable flows, a capital absorption equivalent to a minimum capital level of € 2.0 million was considered, in line with the current Supervisory Authority provisions for financial entities like We Finance.

Cost of equity

The cost of equity, equal to 11.45%, was estimated on the basis of the Capital Asset Pricing Model (CAPM), considering:

- rate of return on risk-free investments, estimated at 4.18%, equal to the average annual yield of BTPs with a ten-year maturity;
- beta, correlation factor between the actual return on a share and the total return on the reference market, assumed to be 1.212, on the basis of the average coefficient reported on a sample of companies operating in the reference market (average surveys at 5 years, monthly);
- *market risk premium, equal to 6.0%, in line with valuation practice in the Italian market.*

<u>*Terminal value*</u>

The terminal value was determined by considering:

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

<u>Sensitivity analysis</u>

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 € 10.2 million, against the carrying amount of the We Finance S.p.A. CGU in the consolidated financial statements equal to € 3 million and the equity investment in the separate financial statements equal to € 4.5 million (100%).

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)	**11.45%**	**30.02 (+18.57%)**
Long-term growth rate (g)	2.00%	Negative/not significant
Net profit in the last projection year	€ 1.2 million	€ 0.1 million (-88.3%)

In light of the results obtained, the impairment test on goodwill allocated to the We Finance CGU in the consolidated financial statements of CR Asti was positively passed, and the sensitivity analyses performed determined a range between Euro 3.1 million and Euro 10.2 million.

10.2 INTANGIBLE ASSETS: ANNUAL CHANGES	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total 2023
		DEF	INDEF	DEF	INDEF	
A. Opening balance	**66,269**	**0**	**0**	**76,937**	**0**	**143,206**
A.1 Total net decreases	0	0	0	56,061	0	56,061
A.2 Net opening balance	66,269	0	0	20,876	0	87,145
B. Increases	**0**	**0**	**0**	**4,238**	**0**	**4,238**
B.1 Purchases	0	0	0	4,236	0	4,236
B.2 Increases of internally generated intangible assets	X	0	0	0	0	0
B.3 Recoveries	X	0	0	0	0	0
B.4 Increases in fair value	0	0	0	0	0	0
- shareholders' equity	X	0	0	0	0	0
- income statement	X	0	0	0	0	0
B.5 Positive exchange differences	0	0	0	0	0	0
B.6 Other changes	0	0	0	2	0	2
C. Decreases	**0**	**0**	**0**	**7,626**	**0**	**7,626**
C.1 Sales	0	0	0	0	0	0
C.2 Value adjustments	0	0	0	7,445	0	7,445
- Amortisation	X	0	0	7,445	0	7,445
- 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	181	0	181
D. Net closing balance	**66,269**	**0**	**0**	**17,488**	**0**	**83,757**
D.1 Total net value adjustments	0	0	0	62,263	0	62,263
E. Gross closing balance	**66,269**	**0**	**0**	**79,751**	**0**	**146,020**
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 (€ 159,738 thousand, rate of 27.5% (1)) and IRAP (€ 21,292 thousand, 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 2023	Total 2022
- With offsetting entry in profit or loss	233,193	245,256
- With offsetting entry in shareholders' equity	30,787	30,647
Total	**263,980**	**275,903**

11.2 Deferred tax liabilities: breakdown

Deferred tax liabilities were recognised including the taxable temporary differences. The item consists entirely of payables for IRES (€ 21,186 thousand, tax rate of 27.5% (1)) and IRAP (€ 4,283 thousand, tax 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 2023	Total 2022
- With offsetting entry in profit or loss	53,597	42,178
- With offsetting entry in shareholders' equity	29,186	18,229
Total	**82,783**	**60,407**

(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 2023	Total 2022
1. Opening balance	**245,256**	**259,673**
2. Increases	**44,515**	**40,826**
2.1 Deferred tax assets recognised during the year	30,207	34,261
a) relating to previous years	200	2,078
b) due to change in accounting principles	0	0
c) write-backs	0	0
d) other	30,007	32,183
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	14,308	6,565
3. Decreases	**56,578**	**55,243**
3.1 Deferred tax assets derecognised during the year	50,013	41,608
a) reversals	50,013	41,608
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:	6,565	13,635
a) changes into tax credits pursuant to Law no. 214/2011	6,565	13,618
b) other	0	17
4. Closing balance	**233,193**	**245,256**

Item “2.1. a) relating to previous years” recognises deferred tax assets on receivables write-downs pertaining to the years prior to 2016 to be recovered by 2028.

Item "2.3 Other 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 2024 income tax return.

11.4 Deferred tax assets: changes under Italian Law 214/2011

11.4 DEFERRED TAX ASSETS: CHANGES UNDER LAW 214/2011	Total 2023	Total 2022
1. Opening balance	**95,032**	**113,127**
2. Increases	**14,508**	**8,644**
3. Decreases	**32,048**	**26,739**
3.1 Reversals	25,483	13,121
3.2 Changes into tax credits	6,565	13,618
a) arising from loss for the year	0	0
b) arising from tax losses	6,565	13,618
3.3 Other decreases	0	0
4. Closing balance	**77,492**	**95,032**

The item “2. Increases" records for € 13,821 thousand the portion of reversals during the year that will be transformed into tax credits arising from the tax loss resulting from filing of the 2024 income tax return and € 201 thousand for deferred tax assets on receivables write-downs from years prior to 2016 to be recovered by 2028.

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 2023	Total 2022
1. Opening balance	**42,179**	**32,888**
2. Increases	**11,794**	**9,726**
2.1 Deferred tax liabilities recognised during the year	11,794	9,726
a) relating to previous years	0	0
b) due to change in accounting principles	0	0
c) other	11,794	9,726
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	0	0
3. Decreases	**376**	**435**
3.1 Deferred tax liabilities derecognised during the year	376	435
a) reversals	376	435
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	**53,597**	**42,179**

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 2023	Total 2022
1. Opening balance	**30,647**	**24,976**
2. Increases	**29,331**	28,597
2.1 Deferred tax assets recognised during the year	29,331	28,597
a) relating to previous years	0	0
b) due to change in accounting principles	0	0
c) other	29,331	28,597
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	0	0
3. Decreases	**29,191**	**22,926**
3.1 Deferred tax assets derecognised during the year	29,191	22,926
a) reversals	37	1
b) write-downs of non-recoverable items	0	0
c) changes in accounting principles	0	0
d) other	29,154	22,925
3.2 Decreases in tax rates	0	0
3.3 Other decreases	0	0
4. Closing balance	**30,787**	**30,647**

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 2023	Total 2022
1. Opening balance	**18,229**	**21,834**
2. Increases	**12,486**	252
2.1 Deferred tax liabilities recognised during the year	12,486	252
a) relating to previous years	0	0
b) due to change in accounting principles	0	0
c) other	12,486	252
2.2 New taxes or increases in tax rates	0	0
2.3 Other increases	0	0
3. Decreases	**1,529**	**3,857**
3.1 Deferred tax liabilities derecognised during the year	1,529	3,857
a) reversals	172	119
b) due to change in accounting principles	0	0
c) other	1,357	3,738
3.2 Decreases in tax rates	0	0
3.3 Other decreases	0	0
4. Closing balance	**29,186**	**18,229**

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 2023.

SECTION 12 – NON-CURRENT ASSETS 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 2023	Total 2022
A. Assets held for sale		
A.1. Financial assets	0	0
A.2 Equity investments	0	0
A.3 Property, plant and equipment	2,375	3,987
of which: obtained by enforcing guarantees received	0	0
A.4 Intangible assets	0	0
A.5 Other non-current assets	0	0
Total (A)	**2,375**	**3,987**
of which: valued at cost	*2,375*	*3,987*
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	*2,375*	*3,987*
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*

The balance of the item “non-current assets held for sale and discontinued operations”, equal to € 2,375 thousand, refers to the land owned by Immobiliare Maristella S.r.l., for which preliminary sales contracts were signed at the reporting date.

SECTION 13 – OTHER ASSETS - ITEM 130

13.1 OTHER ASSETS: BREAKDOWN	Total 2023	Total 2022
- loans to SPV	276,556	279,956
- tax receivables	223,399	233,107
- charges relating to payment systems in the course of execution	70,673	56,094
- indirect taxes and duties	62,271	63,542
- receivable for contribution of business branch	37,000	0
- residual prepayments	28,385	25,277
- amounts to be charged to banks	21,999	37,107
- other amounts to be recovered from customers	18,724	42,962
- residual accrued income	15,750	10,014
- receivables for the provision of non-financial services	14,441	13,869
- costs for setting up leased premises	2,750	2,242
- unpaid notes and cheques	1,146	1,492
- gold, silver and precious metals	445	512
- transit items	52	23
- other items	8,190	11,908
Total	**781,781**	**778,105**

The item “loans to SPV securitisations” includes the Bank's receivables from the special purpose vehicles against securitisation transactions for which it subscribed all securities issued by the SPVs. The securitised loans are recognised under assets in the Bank's financial statements.

For a more detailed disclosure on securitisation transactions, please refer to the specific section of part E.

SECTION 1 – FINANCIAL LIABILITIES MEASURED AT AMORTISED COST - ITEM 10

1.1 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF DEPOSITS FROM BANKS Type of transaction/Amounts	Total 2023				Total 2022			
	Book value	*Fair Value*			BV	*Fair Value*		
		L1	L2	L3		L1	L2	L3
1. Deposits from central banks	**513,576**	X	X	X	**2,769,598**	X	X	X
2. Deposits from banks	**251,620**	X	X	X	**192,875**	X	X	X
2.1 Current accounts and demand deposits	11,630	X	X	X	35,384	X	X	X
2.2 Time deposits	0	X	X	X	0	X	X	X
2.3 Loans	226,994	X	X	X	0	X	X	X
2.3.1 Repurchase agreements	226,994	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	2,470	X	X	X	2,485	X	X	X
2.6 Other liabilities	10,526	X	X	X	155,006	X	X	X
Total	**765,196**	0	0	**765,134**	**2,962,473**	**0**	**0**	**2,962,473**

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 BY TYPE OF DEPOSITS FROM CUSTOMERS Type of transaction/Amounts	Total 2023				Total 2022			
	Book value	*Fair Value*			BV	*Fair Value*		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	6,644,870	X	X	X	7,431,229	X	X	X
2. Time deposits	1,028,999	X	X	X	313,610	X	X	X
3. Loans	42,631	X	X	X	0	X	X	X
3.1 Repurchase agreements	42,631	X	X	X	0	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	38,419	X	X	X	37,238	X	X	X
6. Other liabilities	1,454,463	X	X	X	1,333,644	X	X	X
Total	**9,209,382**	**0**	**0**	**8,101,621**	**9,115,721**	**0**	**0**	**9,115,721**

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

The item “Other liabilities” includes € 1,107,386 thousand for payables linked to securitisation transactions.

1.3 FINANCIAL LIABILITIES MEASURED AT AMORTISED COST: BREAKDOWN BY TYPE OF DEBT SECURITIES IN ISSUE	Total 2023				Total 2022			
	Book value	Fair Value			BV	Fair Value		
Type of security/Amounts		L1	L2	L3		L1	L2	L3
A. Securities	**1,176,262**	**0**	**1,127,779**	**0**	**1,161,343**	**0**	**1,094,974**	**0**
1. Bonds	1,176,262	0	1,127,779	0	1,161,343	0	1,094,974	0
1.1 structured	0	0	0	0	0	0	0	0
1.2 other	1,176,262	0	1,127,779	0	1,161,343	0	1,094,974	0
2. Other securities	0	0	0	0	0	0	0	0
2.1 structured	0	0	0	0	0	0	0	0
2.2 other	0	0	0	0	0	0	0	0
Total	**1,176,262**	**0**	**1,127,779**	**0**	**1,161,343**	**0**	**1,094,974**	**0**

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 € 181,169 thousand.
See Section F for the relative details.

1.6 Lease liabilities

As at 31 December 2023, the Group has outstanding liabilities of € 40.9 million, of which € 5.8 million maturing within one year, € 18.7 million maturing between 1 and 5 years and € 16.4 million maturing over 5 years. Lease liabilities refer for € 2.5 million to bank counterparties and for € 38.4 million to customer counterparties.

	Total 2023	Total 2022
Time band	Lease liabilities	
Up to 1 year	5,779	6,136
1 to 5 years	18,719	18,785
Over 5 years	16,391	14,802
Total lease liabilities	**40,889**	**39,723**

SECTION 2 – FINANCIAL LIABILITIES HELD FOR TRADING - ITEM 20

2.1 FINANCIAL LIABILITIES HELD FOR TRADING: BREAKDOWN BY TYPE	Total 2023					Total 2022				
	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	0	0	0	0	0	0
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	0	0	0	0	0	0
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	0	0	1,974	0	0	0	0	2,131	0	0
1.1 Trading	X	0	1,940	0	X	X	0	2,066	0	X
1.2 Linked to fair value option	X	0	34	0	X	X	0	65	0	X
1.3 Other	X	0	0	0	X	X	0	0	0	X
2. Credit derivatives	0	0	0	0	0	0	0	0	0	0
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**	**1,974**	**0**	**X**	**X**	**0**	**2,131**	**0**	**X**
Total (A+B)	**X**	**0**	**1,974**	**0**	**X**	**X**	**0**	**2,131**	**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 changes in the creditworthiness 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 € 1,747 thousand, of which € 858 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 2023					Total 2022				
Type of transaction/Amounts	NV	*Fair value*			*Fair Value **	NV	*Fair value*			*Fair Value **
		L1	L2	L3			L1	L2	L3	
1. Deposits from banks	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1.1 Structured	0	0	0	0	X	0	0	0	0	X
1.2 Other	0	0	0	0	X	0	0	0	0	X
of which:										
- commitments to disburse funds	0	X	X	X	X	0	X	X	X	X
- financial guarantees given	0	X	X	X	X	0	X	X	X	X
2. Deposits from customers	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2.1 Structured	0	0	0	0	X	0	0	0	0	X
2.2 Other	0	0	0	0	X	0	0	0	0	X
of which:										
- commitments to disburse funds	0	X	X	X	X	0	X	X	X	X
- financial guarantees given	0	X	X	X	X	0	X	X	X	X
3. Debt securities	**12,540**	**0**	**12,768**	**0**	**12,768**	**39,396**	**0**	**39,767**	**0**	**39,767**
3.1 Structured	0	0	0	0	X	0	0	0	0	X
3.2 Other	12,540	0	12,768	0	X	39,396	0	39,767	0	X
Total	**12,540**	**0**	**12,768**	**0**	**12,768**	**39,396**	**0**	**39,767**	**0**	**39,767**

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 changes in the creditworthiness 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 HEDGING TYPE AND UNDERLYING ASSET	NV 2023	*Fair value 2023*			NV 2022	*Fair value 2022*		
		L1	L2	L3		L1	L2	L3
A. Financial derivatives	**2,141,832**	**0**	**112,954**	**0**	**341,707**	**0**	**7,785**	**0**
1) Fair value	2,065,000	0	107,795	0	250,000	0	2,988	0
2) Cash flows	76,832	0	5,159	0	91,707	0	4,797	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	**2,141,832**	**0**	**112,954**	**0**	**341,707**	**0**	**7,785**	**0**

Key:
NV = Notional value
L1 = Level 1
L2 = Level 2
L3 = Level 3

The value of € 5,159 thousand recognised in the sub-item Liabilities "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.

4.2 HEDGING DERIVATIVES: BREAKDOWN BY PORTFOLIOS HEDGED AND BY HEDGING TYPE Transaction/Type of hedge	*Fair Value*							Cash flows		Foreign investments
	Micro-hedge						Macro-hedge	Micro-hedge	Macro-hedge	
	Debt securities and interest rates	Equity securities and stock indices	Currencies and gold	Credit	Commodities	Other				
1. Financial assets measured at fair value through other comprehensive income	29,991	0	0	0	X	X	X	0	X	X
2. Financial assets measured at amortised cost	77,804	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	**107,795**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1. Financial liabilities	0	X	0	0	0	0	X	5,159	X	X
2. Portfolio	X	X	X	X	X	X	0	X	0	X
Total liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**5,159**	**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 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 2023	Total 2022
- imbalance of adjustments on the notes portfolios	55,304	48,686
- credits relating to payment systems in the course of execution	87,358	52,642
- amounts to be credited to banks	6,526	7,647
- operating payables not connected to financial services	22,689	18,786
- amounts to be paid to the tax authorities on behalf of third parties	30,496	19,974
- amounts to be paid to personnel	9,139	9,161
- payables to SPV	17,982	19,266
- amounts to be recognised to customers	24,287	92,802
- residual deferred income	2,587	4,466
- amounts to be recognised to various institutions	6,478	5,043
- insurance premiums collected in the course of processing and to be paid back to companies	1,575	2,104
- other tax liabilities	565	1,486
- residual accrued liabilities	921	471
- other items	7,210	7,612
Total	**273,117**	**290,146**

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 2023	Total 2022
A. Opening balance	**14,116**	**20,213**
B. Increases	**527**	**1,380**
B.1 Provisions for the year	509	0
B.2 Other changes	18	1,380
C. Decreases	**(987)**	**(7,477)**
C.1 Severance payments	(666)	(4,380)
C.2 Other changes	(321)	(3,097)
D. Closing balance	**13,656**	**14,116**
Total	**13,656**	**14,116**

According to statutory regulations, as at 31 December 2023, the provision for employee severance pay amounted to € 13,942 thousand.

In application of the international accounting standards, the employee severance pay provision is classified as a defined benefit provision, therefore subject to actuarial valuation, the assumptions of which are explained in the following paragraph.

9.2 Other information

The actuarial assumptions used by the independent actuary to determine the liabilities at the reporting date are as follows:

CURRENT DEMOGRAPHIC ASSUMPTIONS	Balances as at 2023
	Employee severance pay
Mortality rate	IPS55 tables
Disability rates	INPS-2000 tables

BANCA DI ASTI ACTUARIAL ASSUMPTIONS	Balances as at 2023
	Employee severance pay
Demographic assumptions	
Average annual percentage of personnel leaving	6.78%
Annual probability of request for advance	0.00%
Mortality tables	IPS 55
Maximum Retirement Age	According to the latest legislative provisions
Financial and economic assumptions	
Discount rate	3.14%
Annual inflation rate	2.00%
Rate of wage increase	1.75%
Percentage of severance pay requested in advance	0.00%

BANCA DI ASTI Sensitivity analysis	Sensitivity	Employee severance pay	Non-compete agreements
Discount rate	0.50%	13,196	749
	-0.50%	13,865	799

ACTUARIAL ASSUMPTIONS PITAGORA S.P.A. - WE FINANCE S.P.A.	Balances as at 2023	
	Employee severance pay	
	Pitagora S.p.A.	We Finance S.p.A.
Demographic assumptions		
Mortality rate	IPS55 tables	IPS55 tables
Disability rates	INPS-2000 tables	INPS-2000 tables
Personnel turnover rate	3.00%	3.00%
Advances rate	2.00%	2.00%
Financial and economic assumptions		
Discount rate	3.08%	3.17%
Annual inflation rate	2.50%	2.50%

Sensitivity analysis PITAGORA S.P.A. - WE FINANCE S.P.A.	Sensitivity	Employee severance pay	
		Pitagora S.p.A.	We Finance S.p.A.
Discount rate	0.50%	31	96
	-0.50%	33	106

Assets and liabilities recognised	Balances as at 2023
	Employee severance pay
Present value of defined benefit obligations	13,656

Changes in the present value of defined benefit obligations during the year	Employee severance pay	
	Balances as at 2023	Balances as at 2022
Opening balance	**14,116**	**20,213**
Financial income/expenses	490	51
Social security cost for service	13	16
Indemnities paid	-666	-4,428
Actuarial gains/losses	-297	-1,736
Closing balance	**13,656**	**14,116**

SECTION 10 – PROVISIONS FOR RISKS AND CHARGES - ITEM 100

10.1 PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN Items	Total 2023	Total 2022
1. Provisions for credit risk relating to commitments and financial guarantees given	4,972	5,247
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	27,466	38,158
4.1 legal and tax disputes	4,379	7,053
4.2 personnel charges	6,465	10,868
4.3 other	16,622	20,237
Total	**32,438**	**43,405**

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**	**38,158**	**38,158**
B. Increases	**0**	**0**	**10,985**	**10,985**
B.1 Provision for the year	0	0	10,871	10,871
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	114	114
C. Decreases	**0**	**0**	**21,677**	**21,677**
C.1 Use during the year	0	0	20,082	20,082
C.2 Difference due to discount rate changes	0	0	0	0
C.3 Other changes	0	0	1,595	1,595
D. Closing balance	**0**	**0**	**27,466**	**27,466**

Item B.1 "Provisions for the year" for "Other provisions" refers for € 2,791 thousand mainly to legal disputes and revocatory actions, for € 8,040 thousand mainly to future charges for potential refunds to be made to customers in the event of early extinctions and to future charges referring to the potential reimbursement of the price spread on practices transferred without recourse where this is contractually provided for.

Item C.1 "Use during the year" includes € 7,306 thousand mainly for utilisations made against payments of personnel expenses and amounts deriving from the settlement of revocatory actions and legal disputes for which specific provisions had been set aside, € 12,776 thousand mainly for utilisations made against the payment of charges for refunds made to customers following early repayments and the reimbursement of the price spread on cases transferred without recourse, and utilisations made against payments for agents' termination indemnity.

Item C.3 "Other changes" is attributable for € 1,460 thousand mainly to recoveries relating to other provisions (included in item 200 b) "Net allocations to provisions for risks and charges - other net provisions").

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	511	120	0	0	631
Financial guarantees given	230	267	3,844	0	4,341
Total	**741**	**387**	**3,844**	**0**	**4,972**

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 2023	Total 2022
Provision for risks on claw-backs	992	638
Provision for tax dispute	520	520
Other provisions for risks and charges	15,110	19,079
Total	**16,622**	**20,237**

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 for € 4,902 thousand. This provision was set up 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".
- future charges for collection commissions to be paid to INPS, equal to € 3,807 thousand;
- future charges referring to potential repayment of the price spread on cases transferred without recourse, attributable to the difference between the discounting of the transfer price with respect to the TAN applied to customers, following early repayment and charges for fraud; the provision as at 31 December 2023 amounted to € 5,769 thousand.

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 2023, the share capital of the Bank amounted to € 363,971 thousand, broken down into 70,537,048 ordinary shares with a nominal value of € 5.16.

As at 31 December 2023, the Bank held 1,128,532 treasury shares in the portfolio, recognised in the financial statements at the cost of € 11.641079 each, equal to a total of € 13,137 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 (-)	-993,432	0
A.2 Shares outstanding: opening balance	**69,543,616**	**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	**135,100**	**0**
C.1 Cancellation	0	0
C.2 Purchase of treasury shares	135,100	0
C.3 Business transferred	0	0
C.4 Other changes	0	0
D. Shares outstanding: closing balance	**69,408,516**	**0**
D.1 Treasury shares (+)	1,128,532	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

The purchase/sale of treasury shares did not change the amount of the related reserve (included in the share premium), as there were no sales transactions in 2023.

13.3 SHARE CAPITAL: OTHER INFORMATION

The share capital consists of 70,537,048 shares broken down as follows:

Shareholder	Number of ordinary shares held	Nominal value	% of share capital
Fondazione Cassa di Risparmio di Asti	22,425,803	115,717,143	31.79%
Fondazione Cassa di Risparmio di Biella	9,103,033	46,971,650	12.91%
Banco BPM Società per Azioni	7,047,884	36,367,081	9.99%
Fondazione Cassa di Risparmio di Vercelli	2,959,172	15,269,328	4.20%
Other shareholders	27,872,624	143,822,740	39.51%
Treasury shares	1,128,532	5,823,225	1.60%
Total	**70,537,048**	**363,971,168**	**100%**

13.4 PROFIT RESERVES: OTHER INFORMATION

Items/Amounts	Total 2023
Legal and statutory reserves	455,689
- legal reserve	34,410
- ordinary reserve	118,821
- extraordinary reserve	304,526
- treasury share dividend reserve	442
- expenses for share capital increase	(2,510)
Treasury shares reserve	13,137
Other reserves	(207,761)
- consolidation reserve	24,962
- allocation to retained earnings of the provision for general banking risks (as at 31/12/2005)	20,429
- reserves recognised in the transition to IAS/IFRS (FTA)	2,158
- 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	(20,745)
Total	**261,065**

13.5 EQUITY INSTRUMENTS: BREAKDOWN AND ANNUAL CHANGES

During the 2023 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 received from the issue of AT1 capital instruments in 2021, 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 effect, totalled € 2.4 million. The aggregate principal amount of the coupons paid to subscribers amounted to € 20.1 million as at 31 December 2023, net of tax charges.

SECTION 14 – MINORITY SHAREHOLDERS' EQUITY - ITEM 190

14.1 MINORITY SHAREHOLDERS' EQUITY: BREAKDOWN Items/Amounts	Total 2023
1) Share capital	17,550
2) Share Premium Reserve	0
3) Reserves	8,087
4) (Treasury shares)	0
5) Valuation reserves	257
6) Equity instruments	0
7) Minority profit (loss) for the year	-1,354
Total	**24,540**

DETAILS OF ITEM 190 MINORITY SHAREHOLDERS' EQUITY Company Name	Total 2023	Total 2022
Equity investments with significant minority interests		
1) Pitagora Contro Cessione del Quinto S.p.A.	24,262	26,129
2) We Finance S.p.A.	284	33
Other equity investments	(6)	112
Total	**24,540**	**26,274**

OTHER INFORMATION

1. COMMITMENTS AND GUARANTEES GIVEN	Nominal value on commitments and guarantees given				Total 2023	Total 2022
	Stage 1	Stage 2	Stage 3	purchased or originated credit impaired		
1. Commitments to disburse funds	**1,498,325**	**23,410**	**4,497**	**0**	**1,526,232**	**1,528,847**
a) Central Banks	0	0	0	0	0	0
b) Public administration	133,745	15	0	0	133,760	188,272
c) Banks	4,046	0	0	0	4,046	3,958
d) Other financial companies	40,040	256	0	0	40,296	41,065
e) Non-financial companies	1,128,723	18,985	4,121	0	1,151,829	1,062,560
f) Households	191,771	4,154	376	0	196,301	232,992
2. Financial guarantees given	**40,401**	**491**	**968**	**0**	**41,860**	**42,160**
a) Central Banks	0	0	0	0	0	0
b) Public administration	22	0	0	0	22	23
c) Banks	23,475	0	0	0	23,475	22,294
d) Other financial companies	226	0	0	0	226	212
e) Non-financial companies	7,756	427	903	0	9,086	8,713
f) Households	8,922	64	65	0	9,051	10,918

2. OTHER COMMITMENTS AND OTHER GUARANTEES GIVEN	Nominal value	
	Total 2023	Total 2022
Other guarantees given	**111,528**	**115,337**
of which: non-performing credit exposures	3,563	4,057
a) Central Banks	0	0
b) Public administration	598	783
c) Banks	0	0
d) Other financial companies	2,347	2,596
e) Non-financial companies	97,520	102,428
f) Households	10,572	9,530
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 2023	Amount 2022
1. Financial assets measured at fair value through profit or loss	0	0
2. Financial assets measured at fair value through other comprehensive income	77,262	381,164
3. Financial assets measured at amortised cost	82,392	1,470,636
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 € 16,018 thousand;
- to guarantee transactions in non-over-the-counter derivatives € 15.383 thousand;
- to guarantee transactions carried out with CCG € 82,392 thousand;
- transactions in repurchase agreements € 45,861 thousand.

4. ASSET MANAGEMENT AND TRADING ON BEHALF OF THIRD PARTIES Type of services	Amount 2023	Amount 2022
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	**1,676,255**	**1,739,078**
a) individual	1,676,255	1,739,078
b) collective	0	0
3. Custody and administration of securities	**14,462,610**	**15,480,885**
a) third party securities in deposit: relating to depositary bank activities (excluding asset management)	80	0
1. securities issued by the bank drafting the financial statements	0	0
2. other securities	80	0
b) third party securities in deposit (excluding portfolio management): other	5,070,022	4,482,841
1. securities issued by the bank drafting the financial statements	1,482,438	1,491,976
2. other securities	3,587,584	2,990,865
c) third party securities deposited with third parties	4,957,129	4,879,711
d) own securities deposited with third parties	4,435,379	6,118,333
4. Other transactions	**54,783**	**48,092**

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 2023 (f=c-d-e)	Net amount 2022
Instrument type				Financial instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	2,458,774	0	2,458,774	2,458,774	0	0	172,105
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 2023	**2,458,774**	**0**	**2,458,774**	**2,458,774**	**0**	**0**	**X**
Total 2022	**2,446,305**	**0**	**2,446,305**	**2,274,200**	**0**	**X**	**172,105**

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 2023 (f=c-d-e)	Net amount 2022
Instrument type				Financial instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives		0	2,554,239	2,458,774	0	95,465	4,097
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 2023	**2,554,239**	**0**	**2,554,239**	**2,458,774**	**0**	**95,465**	**X**
Total 2022	**2,278,297**	**0**	**2,278,297**	**2,274,200**	**0**	**X**	**4,097**

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 2023	Total 2022
1. Financial assets measured at fair value through profit or loss	381	1,081	54	1,516	1,908
1.1 Financial assets held for trading	51	1,081	54	1,186	1,824
1.2 Financial assets designated at fair value	0	0	0	0	0
1.3 Other financial assets mandatorily measured at fair value	330	0	0	330	84
2. Financial assets measured at fair value through other comprehensive income	20,525	460	X	20,985	17,079
3. Financial assets measured at amortised cost	44,940	413,457	0	458,397	259,721
3.1 Loans and advances to banks	0	62,109	X	62,109	9,096
3.2 Loans and advances to customers	44,940	351,348	X	396,288	250,625
4. Hedging derivatives	X	X	14,037	14,037	0
5. Other assets	X	X	9,043	9,043	4,429
6. Financial liabilities	X	X	X		10,838
Total	**65,846**	**414,998**	**23,134**	**503,978**	**293,975**
of which: interest income from impaired financial assets	0	935	0	1,123	3,692
of which: interest income on finance lease	0	0	0	0	0

The default interest accrued during the year on positions classified as bad loans as at 31 December 2023 amounted to € 3,327 thousand, of which € 30 thousand was collected during the year.

1.2 Interest income and similar revenues: other information

Under "Loans and advances to customers - Loans" € 143,525 thousand is recognised for interest income on securitised mortgages and € 403 thousand for interest income on the securitisation cash reserves.

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 denominated in foreign currency derive from loans to ordinary customers for a total of € 1,296 thousand and loans to credit institutions of roughly € 29 thousand, for a total of € 1,325 thousand.

1.3 INTEREST EXPENSE AND SIMILAR CHARGES: BREAKDOWN Item/Type	Payables	Securities	Other transactions	Total 2023	Total 2022
1. Financial liabilities measured at amortised cost	(197,947)	(33,786)	0	(231,733)	(55,298)
1.1 Deposits from central banks	(56,567)	X	X	0	0
1.2 Deposits from banks	(8,750)	X	X	(8,750)	(6,853)
1.3 Deposits from customers	(132,630)	X	X	(132,630)	(25,021)
1.4 Debt securities in issue	X	(33,786)	X	(33,786)	(23,424)
2. Financial liabilities held for trading	0	0	0	0	0
3. Financial liabilities designated at fair value	0	(606)	0	(606)	(914)
4. Other liabilities and funds	X	X	(13)	(13)	0
5. Hedging derivatives	X	X	0	0	(26,697)
6. Financial assets	X	X	X	0	X
Total	**(197,947)**	**(34,392)**	**(13)**	**(232,352)**	**(82,909)**
of which: interest expense relating to lease liabilities	(762)	0	X	(762)	(654)

The item "Deposits from central banks" consists of the application of interest rate expenses on the amount of the total credit facility assigned by the Eurosystem to the Cassa di Risparmio di Asti Group as part of the 'TLTRO III' operation.

The item “Deposits from customers - Payables” includes € 31,617 thousand referring to interest generated by the securitisation transactions and € 6,138 thousand for interest expense for repurchase agreements.

1.4 Interest expense and similar charges: other information

The item “Debt securities in issue” includes interest on subordinated loans for € 7,490 thousand.

1.4.1 Interest expense from liabilities denominated in foreign currency

Interest expenses and similar charges on liabilities denominated in foreign currency are attributable to interest expenses on deposits from ordinary customers in the amount of about € 6 thousand and deposits from credit institutions in the amount of about € 20 thousand, for a total of € 26 thousand.

1.5 SPREADS ON HEDGING TRANSACTIONS Items	Total 2023	Total 2022
A. Positive spreads on hedging transactions:	17,981	0
B. Negative spreads on hedging transactions:	(3,944)	(26,697)
C. Net spread (A-B)	**14,037**	**(26,697)**

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

2.1 FEES AND COMMISSION INCOME: BREAKDOWN Services/Amounts	Total 2023	Total 2022
a) Financial instruments	**52,001**	**50,155**
1. Placement of securities	26,362	25,180
1.1 With underwriting and/or based on an irrevocable commitment	0	0
1.2 Without irrevocable commitment	26,362	25,180
2. Reception and transmission of orders and execution of orders on behalf of customers	2,298	2,153
2.1 Receipt and transmission of orders for one or more financial instruments	2,298	2,153
2.2. Execution of orders on behalf of customers	0	0
3. Other commissions connected with activities related to financial instruments	23,341	22,822
of which: trading on own account	0	0
of which: individual portfolio management	23,341	22,822
b) Corporate Finance	**621**	**605**
1. Mergers and acquisitions advisory services	0	0
2. Treasury services	621	605
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	**952**	**875**
1. Custodian bank	0	0
2. Other fees related to custody and administration	952	875
f) Central administrative services for collective portfolio management	**0**	**0**
g) Fiduciary activity	**0**	**0**
h) Payment services	**57,791**	**52,319**
1. Current accounts	30,173	30,414
2. Credit cards	6,123	1,207
3. Debit and other payment cards	6,017	5,470
4. Wire transfers and other payment orders	4,101	3,921
5. Other fees related to payment services	11,377	11,307
i) Distribution of third party services	**29,793**	**30,914**
1. Collective portfolio management	0	0
2. Insurance products	25,915	26,982
3. Other products	3,878	3,932
of which: individual portfolio management	0	0
j) Structured finance	**0**	**0**
k) Securitisation transaction servicing	**3,288**	**3,342**
l) Commitments to disburse funds		**0**
m) Financial guarantees given	**1,730**	**1,898**
of which: credit derivatives		0
n) Financing operations	**64**	**12**
of which: for factoring operations	64	12
o) Currency trading	**690**	**801**
p) Goods		0
q) Other fee and commission income	**31,024**	**32,038**
of which: for management of multilateral trading facilities	0	0
of which: for the management of organised trading systems	0	0
Total	**177,954**	**172,959**

Item “q) Other fee and commission income” includes € 11,409 thousand relating to commissions for the provision of sums.

2.2 FEE AND COMMISSION EXPENSE: BREAKDOWN Services/Amounts	Total 2023	Total 2022
a) Financial instruments	**(3,082)**	**(1,406)**
of which: trading of financial instruments	(3,082)	(1,406)
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	**(646)**	**(701)**
e) Collection and payment services	**(9,934)**	**(3,389)**
including credit, debit and other payment cards	(8,856)	(2,003)
f) Securitisation transaction servicing	**0**	**0**
g) Commitments to receive funds	**0**	**0**
h) Financial guarantees received	**(1,342)**	**(815)**
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	**(63,881)**	**(59,164)**
Total	**(78,885)**	**(65,475)**

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 Italian 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 2023		Total 2022	
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	100	0	190
C. Financial assets measured at fair value through other comprehensive income	10,235	0	10,227	0
D. Equity investments	0	0	0	0
Total	**10,235**	**100**	**10,227**	**190**

ANALYSIS OF ITEM 70 - DIVIDENDS AND SIMILAR INCOME	Total 2023	Total 2022
A. Financial assets held for trading		0
B. Other financial assets mandatorily measured at fair value:	100	190
- Similar income	100	190
C. Financial assets measured at fair value through other comprehensive income	10,235	10,227
- Bank of Italy	10,200	10,200
- Similar income	35	27
D. Equity investments	0	0
Total	**10,335**	**10,417**

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	**30,884**	**43,491**	**(2,701)**	**(5,357)**	**66,317**
1.1 Debt securities	0	3,285	(4)	(5)	3,276
1.2 Equity securities	0	0	0	(1)	(1)
1.3 Units of UCITS	0	6	0	0	6
1.4 Loans	30,884	40,200	(2,697)	(5,351)	63,036
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**	**820**
3. Derivatives	**432**	**26,677**	**(521)**	**(22,091)**	**4,219**
3.1 Financial derivatives:	432	26,677	(521)	(20,658)	5,652
- On debt securities and interest rates	432	26,468	(521)	(17,236)	9,143
- On equity instruments and stock indices		209	0	(3,422)	(3,213)
- On currencies and gold	X	X	X	X	(278)
- Other	0	0	0	0	0
3.2 Credit derivatives	0	0	0	(1,433)	(1,433)
of which: natural hedges related to fair value option	X	X	X	X	0
Total	**31,316**	**70,168**	**(3,222)**	**(27,448)**	**71,356**

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

5.1 NET PROFIT (LOSS) FROM HEDGING: BREAKDOWN Income/Amounts	Total 2023	Total 2022
A. Gains on:		
A.1 Fair value hedging derivatives	12,265	379,251
A.2 Hedged financial assets (fair value)	149,327	477
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)	**161,592**	**379,728**
B. Losses on:		
B.1 Fair value hedging derivatives	(147,767)	(3,184)
B.2 Hedged financial assets (fair value)	(12,173)	(372,361)
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)	**(159,940)**	**(375,545)**
C. Net profit from hedging activities (A - B)	**1,652**	**4,183**
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 2023			Total 2022		
Items/Income	Gains	Losses	Net profit (loss)	Gains	Losses	Net profit (loss)
A. Financial assets						
1. Financial assets measured at amortised cost	1,864	(43,093)	(41,229)	5,422	(59,563)	(54,141)
1.1 Loans and advances to banks	0	0	0	0	0	0
1.2 Loans and advances to customers	1,864	(43,093)	(41,229)	5,422	(59,563)	(54,141)
2. Financial assets measured at fair value through other comprehensive income	58,583	(58,092)	491	9,309	(21,152)	(11,843)
2.1 Debt securities	55,106	(57,840)	(2,734)	3,370	(20,961)	(17,591)
2.2 Loans	3,477	(252)	3,225	5,939	(191)	5,748
Total assets (A)	**60,447**	**(101,185)**	**(40,738)**	**14,731**	**(80,715)**	**(65,984)**
B. Financial liabilities measured at amortised cost						
1. Deposits from banks	0	0	0	0	0	0
2. Deposits from customers	1,705	(1,041)	664	606	(246)	360
3. Debt securities in issue	574	(1)	573	945	(17)	928
Total liabilities (B)	**2,279**	**(1,042)**	**1,237**	**1,551**	**(263)**	**1,288**

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" refer to losses originating from transfers of NPLs as part of the segment derisking strategy for € 40.7 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	**107**	**16**	**0**	**0**	**123**
2.1 Debt securities in issue	107	16	0	0	123
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	**107**	**16**	**0**	**0**	**123**

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	**476**	**0**	**(9,576)**	**(1)**	**(9,101)**
1.1 Debt securities	0		0	0	0
1.2 Equity securities	0	0	0	0	0
1.3 Units of UCITS	476	0	(9,576)	(1)	(9,101)
1.4 Loans	0	0	0	0	0
2. Financial assets denominated in foreign currency: foreign exchange differences	**X**	**X**	**X**	**X**	**0**
Total	**476**	**0**	**(9,576)**	**(1)**	**(9,101)**

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	Value adjustments (1)						Recoveries (2)				Total 2023	Total 2022
	Stage 1	Stage 2	Stage 3		purchased or originated credit impaired		Stage 1	Stage 2	Stage 3	purchased or originated credit impaired		
Transactions/Income			*Write-offs*	Other	*Write-offs*	Other						
A. Loans and advances to banks	**(1)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**1**
- Loans	(1)	0	0	0	0	0	0	0	1	0	0	1
- Debt securities	0	0	0	0	0	0	0	0	0	0	0	0
B. Loans and advances to customers	**(5,528)**	**(10)**	**(9,440)**	**(77,075)**	**0**	**(8,504)**	**511**	**10,192**	**22,583**	**993**	**(66,278)**	**(45,402)**
- Loans	(5,528)	(3)	(9,440)	(77,055)	0	(8,504)	200	10,192	22,583	993	(66,562)	(44,278)
- Debt securities	0	(7)	0	(20)	0	0	311	0	0	0	284	(1,124)
Total	**(5,529)**	**(10)**	**(9,440)**	**(77,075)**	**0**	**(8,504)**	**511**	**0**	**22,584**	**993**	**(66,278)**	**(45,401)**

The item recoveries on loans relating to loans and advances to customers includes € 15,967 thousand in recoveries from collection.

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 2023	Total 2022
	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	**0**	**0**	**0**	**0**	**0**	**0**	**119**	**0**	**0**	**0**	**119**	**(51)**
B. Loans	**(321)**	**0**	**0**	**(346)**	**0**	**0**	**31**	**1**	**2,605**	**0**	**1,970**	**1,609**
- to customers	(321)	0	0	(346)	0	0	31	1	2,605	0	1,970	1,609
- to banks	0	0	0	0	0	0	0	0	0	0	0	0
Total	**(321)**	**0**	**0**	**(346)**	**0**	**0**	**150**	**1**	**2,605**	**0**	**2,089**	**1,558**

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 2023, this item represented a loss of approximately € 310 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 2023	Total 2022
1) Employees	**(136,837)**	**(142,412)**
a) wages and salaries	(96,045)	(94,676)
b) social security charges	(24,658)	(24,525)
c) termination indemnities	(6,155)	(5,569)
d) social security expenses	0	0
e) provision for employee severance pay	(245)	(232)
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:	(3,948)	(3,957)
- defined contribution	(3,928)	(3,954)
- defined benefit	(20)	(3)
h) costs related to share-based payment arrangements	0	0
i) other employee benefits	(5,786)	(13,453)
2) Other staff	**(3,576)**	**(350)**
3) Directors and Statutory Auditors	**(2,567)**	**(2,457)**
4) Retired personnel	**0**	**0**
Total	**(142,980)**	**(145,219)**

12.2 AVERAGE NUMBER OF EMPLOYEES PER CATEGORY	Total 2023	Total 2022
1) Employees	1,813	1,855
a) executives	31	30
b) middle managers	573	587
c) remaining staff	1,209	1,238
2) Other staff	84	0
Total	**1,897**	**1,855**

12.3 DEFINED BENEFIT COMPANY PENSION FUNDS: COSTS AND REVENUES	
Costs and revenues	**-206**
Costs relating to employee severance pay	-206

	2023 Employee severance pay
Costs and revenues recognised	**-206**
Social security cost relating to service	-14
Financial income from discounting shown in *Other Comprehensive Income*	298
Financial expenses recognised in profit or loss	-490

12.5 OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN	Total 2023	Total 2022
Expenses for data processing and archiving	(32,091)	(28,292)
Rent payable on real estate and rental of moveable assets	(1,619)	(1,325)
Expenses for the maintenance of real estate and moveable assets	(6,040)	(5,832)
Legal expenses	(5,520)	(5,784)
Building management expenses	(5,672)	(5,516)
Phone, data transmission and postal expenses	(3,832)	(3,685)
Advertising and promotional expenses	(4,404)	(3,902)
Expenses for commercial information, records, appraisals	(5,906)	(6,783)
Costs for the provision of services regarding personnel	(783)	(710)
Securitisation costs	(5,417)	(5,237)
Expenses for transportation of valuables	(2,943)	(2,820)
Other professional and advisory expenses	(8,587)	(4,943)
Expenses for office materials	(698)	(673)
Membership fees	(15,247)	(14,766)
Electronic banking	(580)	(699)
Travel and transportation expenses	(1,134)	(1,075)
Machine rental expenses	(1,282)	(1,411)
Expenses for the acquisition of treasury services	(8)	(3)
Customer insurance		
Other expenses	(4,644)	(4,894)
INDIRECT TAXES AND DUTIES		
Stamp duties	(25,750)	(24,049)
Substitute tax	(1,796)	(2,210)
IMU/ICI tax	(1,423)	(1,413)
Municipal solid waste disposal fee	(307)	(310)
Advertising tax	(210)	(206)
Registration tax	(124)	(158)
Other taxes and duties	(160)	(144)
Total	**(136,177)**	**(126,840)**

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 2023	Total 2022
Commitments to disburse funds and financial guarantees given stage 1-2	178	(81)
Commitments to disburse funds and financial guarantees given stage 3	94	(9)
Total	**272**	**(90)**

13.3 NET ALLOCATIONS TO OTHER PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN	Total 2023	Total 2022
Provisions and reallocations to provisions for risks due to claw-backs	(391)	(240)
Provisions and reallocations to provisions for personnel expenses	(119)	(899)
Provisions and reallocations for other disputes	(582)	(1,539)
Other provisions and reallocations to provisions for risks and charges	(5,793)	(20,495)
Total	**(6,885)**	**(23,173)**

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	(9,354)	0	0	(9,354)
- Owned	(7,928)		0	(7,928)
- Rights of use acquired with leases	(1,426)		0	(1,426)
2. Held for investment purposes	(6,509)	0	0	(6,509)
- Owned	(6,509)		0	(6,509)
- Rights of use acquired with leases	0	0	0	0
3. Inventory	X	0	0	0
Total	**(15,863)**	**0**	**0**	**(15,863)**

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*	(5,417)	0	0	(5,417)
A.1 Owned	(7,445)	0	0	(7,445)
- Generated internally by the company	0	0	0	0
- Other	(7,445)	0	0	(7,445)
A.2 Rights of use acquired with leases	0	0	0	0
Total	**(7,445)**	**0**	**0**	**(7,445)**

SECTION 16 - OTHER OPERATING EXPENSES/INCOME - ITEM 230

16.1 - 16.2 OTHER OPERATING EXPENSES/INCOME: BREAKDOWN	Total 2023	Total 2022
Other operating income	**70,640**	**32,168**
Tax recovery	27,161	26,123
Charges to third parties for costs on deposits and c/a	382	411
Rent and fee income	1,891	1,610
Other income	39,615	2,492
Recoveries of other expenses	1,591	1,532
Other operating expenses	**(2,800)**	**(2,513)**
Amortisation on leasehold improvements	(1,021)	(981)
Other expenses and contingent liabilities	(1,779)	(1,532)
Total other operating expenses/income	**67,840**	**29,655**

(*) The item "Other income" includes € 37 million relating to the extraordinary transaction for the transfer by contribution of the business branch relating to the merchant acquiring.

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 2023	Total 2022
A. Property	53	140
- Gains on disposal	53	140
- Losses on disposal	0	0
B. Other assets	4	0
- Gains on disposal	4	0
- Losses on disposal	0	0
Net profit (loss)	**57**	**140**

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 2023	Total 2022
1. Current tax (-)	(6,786)	(8,115)
2. Changes of current tax of previous years (+/-)	(194)	(2,192)
3. Decreases in current tax for the year (+)	4,580	5,395
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 (+/-)	(8,050)	(12,484)
5. Changes in deferred tax liabilities (+/-)	(10,391)	2,213
6. Tax expense for the year (-) (-1+/-2+3+3bis+/-4+/-5)	**(20,841)**	**(15,183)**

21.2 RECONCILIATION BETWEEN THEORETICAL AND ACTUAL TAX CHARGE Items/Amounts	Total 2023
Profit before tax (item 250)	99,880
THEORETICAL TAXES	**(33,036)**
DEFINITIVE TAX INCREASES	**(14,541)**
- non-deductible costs and expenses	(1,269)
- non-deductible write-downs	(7,661)
- higher tax base and effective IRAP rate	(5,557)
- IMU tax and other non-deductible costs and taxes	(54)
DEFINITIVE TAX DECREASES	**26,736**
- exempt share of dividends and pex	9,587
- Aid to economic growth (ACE)	2,751
- lower tax base and effective IRAP rate	1,295
- other decreases	13,103
INCOME TAXES IN INCOME STATEMENT	**(20,841)**

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 2023	Total 2022
Equity investments with significant minority interests		
1. Pitagora Contro Cessione del Quinto S.p.A.	(836)	1,943
2. We Finance S.p.A.	(518)	(1,342)
Other equity investments	0	0
Total	**(1,354)**	**601**

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 € 1.12.

DETAILED STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME Items		Total 2023	Total 2022
10.	**Profit (loss) for the year**	**79,039**	**36,193**
	Other income without reversal to income statement	**(323)**	**1,880**
20.	Equity securities designated at fair value through other comprehensive income:	24	177
	a) change in fair value	0	177
	b) transfers to other components of shareholders' equity	24	0
30.	Financial liabilities designated at fair value through profit or loss (changes to own credit rating):	(92)	(160)
	a) change in fair value	(92)	(160)
	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	299	1,843
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.	Financial revenues or costs relating to insurance contracts issued	0	0
110.	Income tax relating to other income without reversal to income statement	(554)	20
	Other income with reversal to income statement	**22,818**	**(14,779)**
120.	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
140.	Cash flow hedging:	(739)	15,892
	a) changes in fair value	(739)	15,892
	b) reversal to income statement	0	0
	c) other changes	0	0
	of which: result of net positions	0	0
150.	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
160.	Financial assets (other than equity securities) measured at fair value through other comprehensive income:	34,831	(37,933)
	a) changes in fair value	34,950	(37,903)

	b) reversal to income statement	(119)	51
	- losses for credit risk	(119)	51
	- realised gains/losses	0	0
	c) other changes	0	(81)
170.	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
180.	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
190.	Financial revenues or costs relating to insurance contracts issued	0	0
	a) changes in fair value	0	0
	b) reversal to income statement	0	0
	c) other changes	0	0
200.	Financial revenues or costs relating to outwards reinsurance	0	0
	a) changes in fair value	0	0
	b) reversal to income statement	0	0
	c) other changes	0	0
210.	Income tax relating to other income with reversal to income statement	(11,274)	7,262
220.	**Total other income**	**22,495**	**(12,899)**
230.	**Other comprehensive income (Item 10+220)**	**101,534**	**23,294**
240.	Minority consolidated other comprehensive income	(1,598)	(729)
250.	**Parent Company's consolidated other comprehensive income**	**103,132**	**24,023**

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	39,700	96,361	33,518	84,721	9,338,827	9,593,127
2. Financial assets measured at fair value through other comprehensive income	1,833	1,512	827	9	820,048	824,229
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	5,378	5,378
5. Financial assets held for sale	0	0	0	0	0	0
Total 2023	**41,533**	**97,873**	**34,345**	**84,730**	**10,164,253**	**10,422,734**
Total 2022	**79,565**	**117,734**	**23,707**	**96,750**	**10,919,309**	**11,237,065**

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	325,946	156,367	169,579	31,965	9,479,328	55,780	9,423,548	9,593,127
2. Financial assets measured at fair value through other comprehensive income	5,694	1,522	4,172	0	820,416	359	820,057	824,229
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	5,378	5,378
5. Financial assets held for sale	0	0	0	0	0	0	0	0
Total 2023	**331,640**	**157,889**	**173,751**	**31,965**	**10,299,744**	**56,139**	**10,248,983**	**10,422,734**
Total 2022	**387,766**	**166,760**	**221,006**	**36,754**	**11,074,880**	**63,131**	**11,016,059**	**11,237,065**

Portfolios/Quality	Assets with evident poor credit quality		Other assets
	Accumulated capital losses	Net exposure	Net exposure
1. Financial assets held for trading	(242)	1,214	37,268
2. Hedging derivatives	0	0	18,312
Total 2023	**(242)**	**1,214**	**55,580**
Total 2022	**(157)**	**862**	**197,089**

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.

The Group continues in ongoing 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 also in the course of 2023 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 April 2023 the Bank prepared the ICAAP Report referring to 31 December 2022 for the overall scope of the relevant Group, then sent it to the Supervisory Body.

In the ICAAP for the financial year, the Group's current and prospective capital adequacy degree (for the 2023-2024 two-year period, in the baseline and stressed scenario), taking into account the forecast plans in the reference time horizon included in the key planning documents (in particular the 2022-2024 Strategic Plan, 2023 Annual Budget, NPE Strategy).

The evidence that emerged from the ICAAP process, both with regard to the current situation and from a forward-looking perspective (in the ordinary and stressed scenarios), highlights the satisfactory degree of capitalisation of the Group, which remains balanced and suitable to ensure compliance with the supervisory requirements, even in the uncertain economic situation that has arisen, in the reference context, characterised by the continuation of the Russian-Ukrainian conflict and the elements of uncertainty that were once again emerging in the international banking system.

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 and Sustainability 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, as far as the Parent Company is concerned, is divided into three macro-classes of activities:

- 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 A-IRB rating system (for the Private, Retail Businesses and Corporate segments) and, to a residual extent, 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 other participating banks, the Group has for years undertaken a project for the development of an A-IRB (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.
The aforementioned project, which first saw the adoption of the A-IRB rating on the Corporate, Retail Business and Private segments for management purposes, in 2023 obtained validation for prudential purposes (subject to adoption of prior remedial actions in the area of governance and validation). The A-IRB 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.
To measure credit risk, the Group relies on the SDB Matrix procedure made available by the IT outsourcer Cedacri S.p.A. for reporting purposes.
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 centrally by the Parent Company, is aimed at determining the internal capital required to cope with possible losses resulting from the occurrence of stress scenarios characterised, inter alia, by assumptions involving an increase in the default rate compared to what was anticipated in the planning documents, a reduction in the value of guarantees and the expiry of the Covid-19 post-pandemic public guarantee measures.
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.
The credit quality performance is overseen on a constant first level monitoring (line and second level controls). 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 creditworthiness.
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 Bank uses a set of geo-sectoral satellite models developed internally to estimate the forward-looking risk metrics used in the calculation of the write-downs of the credit portfolio.

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 A-IRB project. These models were developed by using the pool data of the "Sponsor Banks" that participated in the project in order to strengthen the risk differentiation process (determination of risk drivers). The risk calibration process was instead carried out on the portfolio of the Cassa di Risparmio di Asti Group in order to reflect its specific features.
With regard to the internal parameters of LGD and CCF, estimated consistently with the regulatory requirements of prudential supervision, specific corrections have been adopted in order to make them suitable for calculating the expected accounting loss on receivables.
With regard to the conditioning of risk parameters to the evolution of macroeconomic forecast scenarios, from a forward-looking and multi-scenario perspective in accordance with the accounting standard, the Group adopts, as mentioned earlier, proprietary satellite models estimated with the support of the consulting firm Prometeia using a methodology in line with market best practices.

Stage 3

The competent offices responsible for non-performing loans 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.

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 as collateral is verified on the basis of shared criteria contained in the "Group policies on credit risk mitigation techniques".
Alongside this oversight mechanism, internal regulations establish 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 collateral.
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 objective elements of the unlikelihood of the borrower to be capable of fully meeting its obligations, especially if they take place simultaneously:
    - the submission of the application for an "arrangement as a going concern" provided for in the Code for Business Crisis and Insolvency, from the date of submission;
    - the submission of the application for a "voluntary early arrangement with creditors with reserve" ("blank arrangement") pursuant to the Code for Business Crisis and Insolvency, from the date of submission;
    - the finalisation of agreements with creditors pursuant to the Code for Business Crisis and Insolvency;
    - the classification in "unlikely to pay loans" in another Group bank;
    - access by the borrower to crisis resolution procedures (debt restructuring or consumer plan or other similar procedures

reserved for insolvent persons) or liquidation of assets, upon formal notification to the Bank;
- the position is classified by the Group among performing loans or among past-due/overdue loans and relates to a natural person borrower who is a partner with unlimited liability in a credit facility screened partnership classified by the Group among unlikely to pay or bad loans;
- a Forborne forbearance measure is granted on the debt position of a borrower classified among "impaired past-due and/or overdue exposures";
- the granting to a borrower classified among performing exposures, facing or about to face difficulties in meeting its financial commitments, of an onerous restructuring involving a reduced financial obligation, calculated according to specific criteria, of more than 1%;

- 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 "non-performing past due and/or 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 Article 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 borrower or of the joint credit obligation of two or more borrowers, 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;
- a write-off 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;
- partial or full write-off of the loan, by reduction or zeroing of its gross value, even without the Bank waiving its legal right to recover the loan, where there is no reasonable expectation of full or partial recovery.

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, on the other hand, is defined as measure granted to a borrower who is experiencing or about to experience difficulties in meeting its obligations (known as financial distress).
In order for a position to be identified as forborne, it must therefore be verified that the exposure is the subject of a measure granted in response to a financial difficulty of the borrower. A forborne position thus involves meeting both objective conditions, identifiable in the contracts that have been the subject of a measure, and subjective conditions, related to the identification of a borrower's financial distress situation. Forbearance measures are granted in order to help the borrower to honour its obligations to the Group on time, preventing, if the conditions are met, performing loans from being impaired, or to 'remedy' its impaired positions, with the expectation of being able to return them to performing status.

In detail, forbearance means:

- a change in the contractual terms and conditions (renegotiation) granted to a borrower who demonstrates insufficient capacity to service the debt due to financial difficulties;
- a total or partial refinancing of a debt position granted to a borrower that presents indicators of financial difficulty such as to prevent meeting the original contractual terms.

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”.

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.

BAD LOANS - BREAKDOWN BY EXPOSURE	31/12/2023				31/12/2022			
Exposure	Amount	No. Posit.	% of tot. No.	% of tot. Amt.	Amount	No. Posit.	% of tot. No.	% of tot. Amt.
up to € 10 thousand	4,266	2,412	66.69%	3.56%	2,873	2,507	64.10%	1.63%
from € 10 to € 50 thousand	16,502	711	19.66%	13.76%	18,979	765	19.56%	10.79%
from € 50 to € 250 thousand	43,234	391	10.81%	36.06%	56,506	494	12.63%	32.12%
from € 250 to € 500 thousand	24,581	71	1.96%	20.50%	32,528	93	2.38%	18.49%
from € 500 to € 2,500 thousand	25,897	30	0.83%	21.60%	46,586	47	1.20%	26.48%
more than € 2,500 thousand	5,430	2	0.06%	4.53%	18,437	5	0.13%	10.48%
Total	**119,910**	**3,617**	**100.00%**	**100.00%**	**175,909**	**3,911**	**100.00%**	**100.00%**

BAD LOANS - BREAKDOWN BY AGEING	31/12/2023				31/12/2022			
Exposure	Amount	No. posit.	% of tot. No.	% of tot. Amt.	Amount	No. posit.	% of tot. No.	% of tot. Amt.
arising in 2023	43,764	797	22.03%	36.50%				
arising in 2022	16,058	813	22.48%	13.39%	56,833	833	21.30%	32.31%
arising in 2021	22,669	567	15.68%	18.91%	48,358	784	20.05%	27.49%
arising in 2020	12,903	306	8.46%	10.76%	28,518	538	13.76%	16.21%
arising in 2019	4,546	204	5.64%	3.79%	7,172	388	9.92%	4.08%
arising in 2018	2,771	145	4.01%	2.31%	5,831	195	4.99%	3.31%
arising in 2017	1,323	87	2.41%	1.10%	3,211	134	3.43%	1.83%
arising in 2016	4,706	116	3.21%	3.92%	8,903	182	4.65%	5.06%
arising in 2015	2,167	93	2.57%	1.81%	4,023	113	2.89%	2.29%
arising in 2014	2,028	78	2.16%	1.69%	3,346	127	3.25%	1.90%
Arising until the end of 2013	6,975	411	11.36%	5.82%	9,714	617	15.78%	5.52%
Total	**119,910**	**3,617**	**100.00%**	**100.00%**	**175,909**	**3,911**	**100.00%**	**100.00%**

The tables above do not include interest on arrears considered entirely non-recoverable for € 9,509 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) Portfolios/risk stages	Stage 1			Stage 2			Stage 3			*purchased or originated credit* impaired		
	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	17,343	0	0	12,921	49,921	4,395	1,880	13,621	115,990	141	130	6,887
2. Financial assets measured at fair value through other comprehensive income	0	0	0	0	9	0	0	410	3,745	0	0	0
Total 2023	**17,343**	**0**	**0**	**12,921**	**49,930**	**4,395**	**1,880**	**14,031**	**119,735**	**141**	**130**	**6,887**
Total 2022	**25,961**	**264**	**1**	**24,436**	**41,981**	**3,823**	**5,096**	**29,908**	**182,345**	**279**	**335**	**3,327**

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**	**15,656**	**484**	**0**	**0**	**16,140**	**0**	**46,605**	**6**	**0**	**0**	**46,611**
Increases from purchased or originated credit impaired financial assets	0	6,950	93	0	0	7,043	0	1,009	0	0	0	1,009
Derecognitions other than write-offs	0	-1,356	0	0	0	-1,356	0	-884	-69	0	0	-953
Net adjustments/recoveries for credit risk (+/-)	0	-2,369	-225	0	0	-2,594	0	-10,116	67	0	0	-10,049
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	156	7	0	0	163	0	-135	-4	0	0	-139
Closing balance of overall adjustments	**0**	**19,037**	**359**	**0**	**0**	**19,396**	**0**	**36,479**	**0**	**0**	**0**	**36,479**
Recoveries from collections of financial assets subject to write-offs	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	0	0	0	0	0

(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									
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	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Stage 1	Stage 2	Stage 3	Commitments to disburse funds and financial guarantees issued - purchased or originated credit	
Opening balance of overall adjustments	**0**	**158,702**	**3,787**	**0**	**162,489**	**0**	**4,651**	**0**	**0**	**4,270**	**381**	**809**	**496**	**3,942**	**0**	**235,138**
Increases from purchased or originated credit impaired financial assets	0	999		0	999	0	X	X	X	X	X	463	85	0	0	9,599
Derecognitions other than write-offs	0	-2,225	-104	0	-2,329	0	-3	0	0	-2	-1	-204	-124	-43	0	-5,012
Net adjustments/recoveries for credit risk (+/-)	0	4,208	-2,132	0	2,076	0	12,949	0	0	12,508	441	-356	-70	-17	0	1,939
Contractual changes without derecognition	0			0	0	0	0	0	0	0	0	32	0	-42	0	-10
Changes in estimation method	0			0	0	0	0	0	0	0	0	0	0	0	0	0
Write-offs not directly recorded in the income statement	0	-21,845	-35	0	-21,880	0	-1,039	0	0	-483	-556	0	0	0	0	-22,919
Other changes	0	234	6	0	240	0	0	0	0	0	0	-3	0	4	0	265
Closing balance of overall adjustments	**0**	**140,073**	**1,522**	**0**	**141,595**	**0**	**16,558**	**0**	**0**	**16,293**	**265**	**741**	**387**	**3,844**	**0**	**219,000**
Recoveries from collections of financial assets subject to write-offs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Write-offs directly recorded in the income statement	0	-8,970	0	0	-8,970	0	-901	0	0	0	-901	0	0	0	0	-9,871

1.1 CREDIT RISK

A.1.3 PRUDENTIAL CONSOLIDATION - FINANCIAL ASSETS, COMMITMENTS TO DISBURSE FUNDS AND FINANCIAL GUARANTEES GIVEN: TRANSFERS BETWEEN THE DIFFERENT CREDIT RISK STAGES (GROSS AND NOMINAL VALUES)	Gross exposure/nominal value					
	Transfers between stage 1 and stage 2		Transfers between stage 2 and stage 3		Transfers between stage 1 and stage 3	
Portfolios/risk stages	From stage 1 to stage 2	From stage 2 to stage 1	From stage 2 to stage 3	From stage 3 to stage 2	From stage 1 to stage 3	From stage 3 to stage 1
1. Financial assets measured at amortised cost	334,165	229,644	79,812	7,649	46,150	2,684
2. Financial assets measured at fair value through other comprehensive income	9	179	113	103	752	26
3. Financial assets held for sale	0	0	0	0	0	0
4. Commitments to disburse funds and financial guarantees given	13,090	3,273	203	15	1,566	459
Total 2023	**347,264**	**233,096**	**80,128**	**7,767**	**48,468**	**3,169**
Total 2022	**566,452**	**161,197**	**77,001**	**3,042**	**50,497**	**10,083**

1.1 CREDIT RISK

A.1.4 PRUDENTIAL CONSOLIDATION - BALANCE SHEET AND OFF-BALANCE SHEET CREDIT EXPOSURES TO BANKS: GROSS AND NET AMOUNTS Type of exposure/amounts	Gross exposure					Overall value adjustments and total provisions					Net Exposure	Total partial write-offs*
		Stage 1	Stage 2	Stage 3	*purchased or originated credit impaired*		Stage 1	Stage 2	Stage 3	*purchased or originated credit impaired*		
A. BALANCE SHEET CREDIT EXPOSURES												
A.1 ON DEMAND	**584,024**	**583,571**	**453**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**584,024**	**0**
a) Non-performing	0	X	0	0	0	0	X	0	0	0	0	0
b) Performing	584,024	583,571	453	X	0	0	0	0	X	0	584,024	0
A.2 OTHER	**192,295**	**122,690**	**69,597**	**6**	**0**	**1**	**1**	**0**	**0**	**0**	**192,294**	**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	6	X	0	6	0	0	X	0	0	0	6	0
- of which: forborne exposures	0	X	0	0	0	0	X	0	0	0	0	0
c) Non-performing past due exposures	0	X	0	0	0	0	X	0	0	0	0	0
- of which: forborne exposures	0	X	0	0	0	0	X	0	0	0	0	0
d) Performing past due exposures	1	0	1	X	0	0	0	0	X	0	1	0
- of which: forborne exposures	0	0	0	X	0	0	0	0	X	0	0	0
e) Other performing exposures	192,288	122,690	69,596	X	0	1	1	0	X	0	192,287	0
- of which: forborne exposures	0	0	0	X	0	0	0	0	X	0	0	0
TOTAL (A)	**776,319**	**706,261**	**70,050**	**6**	**0**	**1**	**1**	**0**	**0**	**0**	**776,318**	**0**
B. OFF-BALANCE SHEET CREDIT EXPOSURES												
a) Non-performing	0	X	0	0	0	0	X	0	0	0	0	0
b) Performing	35,513	27,433	0	X	0	0	0	0	X	0	35,513	0
TOTAL (B)	**35,513**	**27,433**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**35,513**	**0**
TOTAL (A+B)	**811,832**	**733,694**	**70,050**	**6**	**0**	**1**	**1**	**0**	**0**	**0**	**811,831**	**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	119,910	X	0	100,667	19,243	78,377	X	0	65,156	13,221	41,533	31,963
- of which: forborne exposures	33,976	X	0	28,354	5,622	23,173	X	0	19,202	3,971	10,803	7,053
b) Unlikely to pay	168,464	X	0	163,529	4,935	70,597	X	0	67,544	3,052	97,867	1
- of which: forborne exposures	88,627	X	0	85,549	3,078	38,917	X	0	37,207	1,709	49,710	0
c) Non-performing past due exposures	43,260	X	0	43,203	57	8,915	X	0	8,895	20	34,345	1
- of which: forborne exposures	4,392	X	0	4,380	11	1,072	X	0	1,067	5	3,320	0
d) Performing past due exposures	90,592	17,478	71,493	X	114	4,596	135	4,210	X	9	85,996	0
- of which: forborne exposures	13,309	0	13,230	X	79	1,249	0	1,240	X	9	12,060	0
e) Other performing exposures	10,060,001	9,375,784	635,280	X	7,308	51,784	19,260	32,269	X	256	10,008,217	0
- of which: forborne exposures	178,651	105	173,530	X	5,016	12,111	1	11,909	X	201	166,540	0
TOTAL (A)	**10,482,227**	**9,393,262**	**706,773**	**307,399**	**31,657**	**214,269**	**19,395**	**36,479**	**141,595**	**16,558**	**10,267,958**	**31,965**
B. OFF-BALANCE SHEET CREDIT EXPOSURES												
a) Non-performing	9,027	X	0	9,027	0	3,844	X	0	3,844	0	5,183	0
b) Performing	1,701,953	1,619,818	26,501	X	0	1,128	742	386	X	0	1,700,825	0
TOTAL (B)	**1,710,980**	**1,619,818**	**26,501**	**9,027**	**0**	**4,972**	**742**	**386**	**3,844**	**0**	**1,706,008**	0
TOTAL (A+B)	**12,193,207**	**11,013,080**	**733,274**	**316,426**	**31,657**	**219,241**	**20,137**	**36,865**	**145,439**	**16,558**	**11,973,966**	**31,965**

* *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.1.6 Prudential consolidation – Balance sheet credit exposures to banks: changes in gross non-performing exposures Source/Categories	Bad loans	Unlikely to pay	Non-performing past due exposures
A. Gross exposure, opening balance	**0**	**0**	**3**
- of which: transferred but not derecognised	0	0	0
B. Increases	**0**	**6**	**0**
B.1 transfers from performing loans	0	6	0
B.2 transfers from purchased or originated credit impaired financial assets	0	0	0
B.3 transfers from other categories of non-performing exposures	0	0	0
B.4 contractual changes without derecognition	0	0	0
B.5 other increases	0	0	0
C. Decreases	**0**	**0**	**3**
C.1 transfers to performing loans	0		3
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**	**6**	**0**
- of which: transferred but not derecognised	0	0	0

A.1.7 PRUDENTIAL CONSOLIDATION - BALANCE SHEET CREDIT EXPOSURES TO CUSTOMERS: CHANGES IN GROSS NON-PERFORMING EXPOSURES Source/Categories	Bad loans	Unlikely to pay	Non-performing past due exposures
A. Gross exposure, opening balance	**175,908**	**181,932**	**29,923**
- of which: transferred but not derecognised	37,845	40,901	9,545
B. Increases	**147,492**	**156,831**	**91,832**
B.1 transfers from performing loans	3,242	76,724	87,903
B.2 transfers from purchased or originated credit impaired financial assets	167	892	65
B.3 transfers from other categories of non-performing exposures	123,591	65,472	2,222
B.4 contractual changes without derecognition	0	0	0
B.5 other increases	20,492	13,743	1,642
C. Decreases	**203,490**	**170,299**	**78,495**
C.1 transfers to performing loans	167	10,737	4,855
C.2 write-offs	48,536	0	0
C.3 collections	30,761	31,308	7,925
C.4 amount realised upon disposal of positions	38,739	206	45
C.5 losses on disposal	40,718	135	0
C.6 transfers to other categories of non-performing exposures	1,135	125,413	64,737
C.7 Contractual changes without derecognition	0	0	0
C.8 other decreases	43,434	2,500	933
D. Gross exposure, closing balance	**119,910**	**168,464**	**43,260**
- of which: transferred but not derecognised	13,833	28,549	28,535

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	**149,298**	**407,455**
- of which: transferred but not derecognised	36,218	194,663
B. Increases	**72,712**	**80,526**
B.1 transfers from non-forborne performing loans	1,468	60,712
B.2 transfers from forborne performing loans	60,644	X
B.3 transfers from forborne non-performing loans	X	7,792
B.4 transfers from non-forborne non-performing loans	5,798	0
B.5 other increases	4,802	12,022
C. Decreases	**95,015**	**296,021**
C.1 transfers to non-forborne performing loans	X	196,878
C.2 transfers to forborne performing loans	7,792	X
C.3 transfers to forborne non-performing loans	X	60,644
C.4 write-offs	19,244	0
C.5 collections	18,015	33,175
C.6 amount realised upon disposal of positions	21,084	0
C.7 losses on disposal	12,339	0
C.8 other decreases	16,541	5,324
D. Gross exposure, closing balance	**126,995**	**191,960**
- of which: transferred but not derecognised	13,725	78,752

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**	**1**	**0**
- of which: transferred but not derecognised	0	0	0	0	0	0
B. Increases	**0**	**0**	**0**	**0**	**0**	**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	0	0
C. Decreases	**0**	**0**	**0**	**0**	**1**	**0**
C.1 write-backs from valuation	0	0	0	0	1	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	0
D. Closing balance of overall adjustments	**0**	**0**	**0**	**0**	**0**	**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	**96,343**	**25,824**	**64,198**	**35,316**	**6,218**	**333**
- of which: transferred but not derecognised	15,232	4,911	8,320	5554	1,547	91
B. Increases	**128,138**	**45,199**	**48,625**	**23,525**	**9,161**	**1,218**
B.1 value adjustments purchased or originated credit impaired assets	7,486	X	1,049	X	29	X
B.2 other value adjustments	33,543	19,631	44,792	23,325	8,526	1,103
B.3 losses on disposal	40,718	12,339	135	0	0	0
B.4 transfers from other categories of non-performing exposures	28,886	13,169	2,622	200	606	115
B.5 contractual changes without derecognition	0	0	0	0	0	0
B.6 other increases	17,505	60	27	0	0	0
C. Decreases	**146,104**	**47,850**	**42,226**	**19,924**	**6,464**	**479**
C.1 write-backs from valuation	3,138	546	8,431	4,997	1,083	59
C.2 write-backs from collection	10,443	2,371	4,456	1,768	1,141	116
C.3 gains on disposal	0	0	0	0	0	0
C.4 write-offs	48,536	19,244	0	0	0	0
C.6 transfers to other categories of non-performing exposures	210	21	27,978	13,159	3,926	304
C.6 contractual changes without derecognition	0	0	0	0	0	0
C.7 other decreases	83,777	25,668	1,361	0	314	0
D. Closing balance of overall adjustments	**78,377**	**23,173**	**70,597**	**38,917**	**8,915**	**1,072**
- of which: transferred but not derecognised	8,193	1,416	6,660	3,878	2,087	60

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 CLASSES (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	**1,114**	**1,065**	**1,865,921**	**0**	**0**	**0**	**7,937,174**	**9,805,274**
- Stage 1	1,114	1,065	1,865,921	0	0	0	6,827,446	8,695,546
- Stage 2	0	0	0	0	0	0	776,360	776,360
- Stage 3	0	0	0	0	0	0	301,711	301,711
- purchased or originated credit impaired	0	0	0	0	0	0	31,657	31,657
B. Financial assets measured at fair value through other comprehensive income	**50**	**153**	**803,177**	**0**	**0**	**0**	**22,730**	**826,110**
- Stage 1	50	153	803,177	0	0	0	17,026	820,406
- Stage 2	0	0	0	0	0	0	10	10
- Stage 3	0	0	0	0	0	0	5,694	5,694
- 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**	**2,375**	**2,375**
- Stage 1	0	0	0	0	0	0	2,375	2,375
- 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)	**1,164**	**1,218**	**2,669,098**	**0**	**0**	**0**	**7,962,279**	**10,633,759**
of which: purchased or originated credit impaired financial assets	0	0	0	0	0	0	0	0
D. Commitments to disburse funds and financial guarantees given								
- Stage 1	64	53	0	0	0	0	1,538,609	1,538,726
- Stage 2	0	0	0	0	0	0	23,901	23,901
- Stage 3	0	0	0	0	0	0	5,465	5,465
- purchased or originated credit impaired	0	0	0	0	0	0	0	0
Total (D)	**64**	**53**	**0**	**0**	**0**	**0**	**1,567,975**	**1,568,092**
Total (A+B+C+D)	**1,228**	**1,271**	**2,669,098**	**0**	**0**	**0**	**9,498,597**	**12,201,851**

Credit rating classes	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 CLASSES (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	**624,868**	**789,908**	**1,007,631**	**1,089,256**	**1,083,563**	**737,57**
- Stage 1	624,655	787,941	1,000,971	1,083,835	1,059,215	680,149
- Stage 2	213	1,696	6,396	4,761	20,803	56,902
- Stage 3	0	0	0	0	0	0
- purchased or originated credit impaired	0	271	264	660	3,545	519
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)	**624,868**	**789,908**	**1,007,631**	**1,089,256**	**1,083,563**	**737,57**
D. Commitments to disburse funds and financial guarantees given	**533,228**	**285,699**	**197,475**	**287,741**	**97,972**	**82,448**
- Stage 1	533,203	285,608	196,542	287,372	96,868	80,705
- Stage 2	25	91	933	369	1,104	1,743
- Stage 3	0	0	0	0	0	0
- purchased or originated credit impaired	0	0	0	0	0	0
Total (D)	**533,228**	**285,699**	**197,475**	**287,741**	**97,972**	**82,448**
Total (A+B+C+D)	**1,158,096**	**1,075,607**	**1,205,106**	**1,376,997**	**1,181,535**	**820,018**

(Continued)

Internal rating classes						Total
class 7	class 8	class 9	class 10	class 11	no rating	
387,604	**254,238**	**116,389**	**107,898**	**304,796**	**3,301,553**	**9,805,274**
231,012	44,669	11,399	0	0	3,171,700	8,695,546
155,503	209,141	104,396	107,845	0	108,704	776,360
0	0	0	0	280,562	21,149	301,711
1,089	428	594	53	24,234	0	31,657
0	**0**	**0**	**0**	**0**	**826,110**	**826,110**
0	0	0	0	0	820,406	820,406
0	0	0	0	0	10	10
0	0	0	0	0	5,694	5,694
0	0	0	0	0	0	0
0	**0**	**0**	**0**	**0**	**2,375**	**2,375**
0	0	0	0	0	2,375	2,375
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
387,604	**254,238**	**116,389**	**107,898**	**304,796**	**4,130,038**	**10,633,759**
25,581	**13,027**	**3,471**	**1,863**	**0**	**39,587**	**1,568,092**
22,098	4,773	537	122	0	30,898	1,538,726
3,483	8,254	2,934	1,741	0	3,224	23,901
0	0	0	0	0	5,465	5,465
0	0	0	0	0	0	0
25,581	**13,027**	**3,471**	**1,863**	**0**	**39,587**	**1,568,092**
413,185	**267,265**	**119,860**	**109,761**	**304,796**	**4,169,625**	**12,201,851**

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:	**6,678,443**	**6,490,773**	**3,410,429**	**0**	**94,852**	**28,313**	**0**	**0**
1.1 totally secured	6,095,003	5,937,250	3,385,891	0	71,718	25,960	0	0
- of which: non-performing	253,284	143,570	96,770	0	545	153	0	0
1.2 partially secured	583,440	553,523	24,538	0	23,134	2,353	0	0
- of which: non-performing	43,561	15,369	4,164	0	303	11	0	0
2. Secured off-balance sheet credit exposures:	**581,409**	**578,278**	**6,091**	**0**	**21,735**	**12,141**	**0**	**0**
2.1 totally secured	425,238	422,375	5,997	0	12,621	10,908	0	0
- of which: non-performing	5,338	3,071	97	0	22	401	0	0
2.2 partially secured	156,171	155,903	94	0	9,114	1,233	0	0
- of which: non-performing	411	245	0	0	4	2	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**	**1,076,294**	**7**	**1,098,711**	**653,523**	**6,362,129**
1.1 totally secured	0	0	0	757,079	7	1,097,507	596,652	5,934,814
- of which: non-performing	0	0	0	12,476	0	26,686	6,896	143,526
1.2 partially secured	0	0	0	319,215	0	1,204	56,871	427,315
- of which: non-performing	0	0	0	5,815	0	320	1,006	11,619
2. Secured off-balance sheet credit exposures:	**0**	**0**	**0**	**94,699**	**0**	**10,730**	**384,505**	**529,901**
2.1 totally secured	0	0	0	50,566	0	4,897	337,372	422,361
- of which: non-performing	0	0	0	764	0	54	1,732	3,070
2.2 partially secured	0	0	0	44,133	0	5,833	47,133	107,540
- of which: non-performing	0	0	0	183	0	0	10	199

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	Public administration		Financial companies		Financial companies (of which: insurance companies)	
Exposures/Counterparties	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Balance sheet credit exposures						
A.1 Bad loans	224	100	0	0	0	0
- of which: forborne exposures	0	0	0	0	0	0
A.2 Unlikely to pay	206	41	1,836	1,192	36	4
- of which: forborne exposures		0	0	0	0	0
A.3 Non-performing past due exposures	3,133	647	2	16	0	0
- of which: forborne exposures	0	0	0	0	0	0
A.4 Performing exposures	2,701,510	1,038	304,124	1,790	6,086	148
- of which: forborne exposures	0	0	2,044	107	0	0
Total (A)	**2,705,073**	**1,826**	**305,962**	**2,998**	**6,122**	**152**
B. Off-balance sheet credit exposures						
B.1 Non-performing exposures	0	0	0	0	0	0
B.2 Performing exposures	134,366	14	54,525	77	0	0
Total (B)	**134,366**	**14**	**54,525**	**77**	**0**	**0**
Total (A+B) 2023	**2,839,439**	**1,840**	**360,487**	**3,075**	**6,122**	**152**
Total (A+B) 2022	**3,664,820**	**2,471**	**381,452**	**2,952**	**4,069**	**86**

(Continued)

B.1 PRUDENTIAL CONSOLIDATION - BREAKDOWN OF BALANCE SHEET AND OFF-BALANCE SHEET CREDIT EXPOSURES TO CUSTOMERS BY BUSINESS SEGMENT	Non-financial companies		Households	
Exposures/Counterparties	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Balance sheet credit exposures				
A.1 Bad loans	17,812	40,230	23,497	38,047
- of which: forborne exposures	4,559	12,111	6,244	11,062
A.2 Unlikely to pay	42,489	44,594	53,336	24,770
- of which: forborne exposures	25,845	25,220	23,865	13,697
A.3 Non-performing past due exposures	5,997	2,097	25,213	6,155
- of which: forborne exposures	1,099	351	2,221	721
A.4 Performing exposures	2,525,053	22,966	4,563,526	30,586
- of which: forborne exposures	88,962	6,474	87,594	6,779
Total (A)	**2,591,351**	**109,887**	**4,665,572**	**99,558**
B. Off-balance sheet credit exposures				
B.1 Non-performing exposures	4,681	3,749	502	95
B.2 Performing exposures	1,294,041	649	217,893	388
Total (B)	**1,298,722**	**4,398**	**218,395**	**483**
Total (A+B) 2023	**3,890,073**	**114,285**	**4,883,967**	**100,041**
Total (A+B) 2022	**3,868,085**	**140,076**	**4,939,645**	**89,795**

1.1 CREDIT RISK

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	41,271	77,401	262	976	0	0	0	0	0	0
A.2 Unlikely to pay	97,756	70,530	10	10	1	1	100	55	0	1
A.3 Non-performing past due exposures	34,268	8,904	75	9	0	1	1	1	1	0
A.4 Performing exposures	9,658,639	56,087	434,615	292	365	0	128	0	466	1
Total (A)	**9,831,934**	**212,922**	**434,962**	**1,287**	**366**	**2**	**229**	**56**	**467**	**2**
B. Off-balance sheet credit exposures										
B.1 Non-performing exposures	5,183	3,844	0	0	0	0	0	0	0	0
B.2 Performing exposures	1,686,824	1,128	12,286	0	1,007	0	6	0	702	0
Total (B)	**1,692,007**	**4,972**	**12,286**	**0**	**1,007**	**0**	**6**	**0**	**702**	**0**
Total (A+B) 2023	**11,523,941**	**217,894**	**447,248**	**1,287**	**1,373**	**2**	**235**	**56**	**1,169**	**2**
Total (A+B) 2022	**12,386,361**	**234,383**	**464,864**	**885**	**1,331**	**0**	**248**	**26**	**1,198**	**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	36,087	72,259	1,193	1,630	1,491	1,640	2,500	1,872
A.2 Unlikely to pay	84,948	67,474	5,347	1,577	2,585	543	4,876	936
A.3 Non-performing past due exposures	26,705	7,568	2,011	405	1,723	252	3,829	679
A.4 Performing exposures	6,215,587	50,549	406,089	1,764	2,667,453	2,165	369,510	1,609
Total (A)	**6,363,327**	**197,850**	**414,640**	**5,376**	**2,673,252**	**4,600**	**380,715**	**5,096**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	5,098	3,816	25	11	21	4	39	13
B.2 Performing exposures	1,589,348	1,034	56,643	44	36,980	43	3,853	7
Total (B)	**1,594,446**	**4,850**	**56,668**	**55**	**37,001**	**47**	**3,892**	**20**
Total (A+B) 2023	**7,957,773**	**202,700**	**471,308**	**5,431**	**2,710,253**	**4,647**	**384,607**	**5,116**
Total (A+B) 2022	**8,182,585**	**218,654**	**380,550**	**3,638**	**3,482,536**	**5,979**	**340,690**	**6,112**

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	6	0	0	0	0	0	0	0	0	0
A.3 Non-performing past due exposures	0	0	0	0	0	0	0	0	0	0
A.4 Performing exposures	669,762	1	99,513	0	7,010	0	26	0	1	0
Total (A)	**669,768**	**1**	**99,513**	**0**	**7,010**	**0**	**26**	**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	28,423	0	7,090	0	0	0	0	0	0	0
Total (B)	**28,423**	**0**	**7,090**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total (A+B) 2023	**698,191**	**1**	**106,603**	**0**	**7,010**	**0**	**26**	**0**	**1**	**0**
Total (A+B) 2022	**1,656,274**	**2**	**157,582**	**0**	**2,226**	**0**	**281**	**0**	**1**	**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	6	0
A.3 Non-performing past due exposures	0	0	0	0	0	0	0	0
A.4 Performing exposures	588,335	1	5	0	81,256	0	166	0
Total (A)	**588,335**	**1**	**5**	**0**	**81,256**	**0**	**172**	**0**
B. Off-balance sheet credit exposures								
B.1 Non-performing exposures	0	0	0	0	0	0	0	0
B.2 Performing exposures	28,359	0	0	0	64	0	0	0
Total (B)	**28,359**	**0**	**0**	**0**	**64**	**0**	**0**	**0**
Total (A+B) 2023	**616,694**	**1**	**5**	**0**	**81,320**	**0**	**172**	**0**
Total (A+B) 2022	**1,569,597**	**1**	**48**	**0**	**86,616**	**1**	**13**	**0**

B.4 LARGE EXPOSURES	2023 - Cassa di Risparmio di Asti S.p.A. Group Consolidation
Number of positions	6
Amount (nominal value)	5,319,105
Amount (weighted value)	570,872

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

- exposures to the Italian Government relating to the nominal value of € 2,952,353 thousand in securities held in the portfolio and DTA, with an overall weighting of € 161,364 thousand;
- exposures to credit institutions, financial institutions and SGRs (asset management companies) for a nominal amount of € 991,749 thousand, with an overall weighting of € 4,142 thousand;
- exposure to other state administrations for a nominal amount of € 528,493 thousand and with a weighting of € 180,365 thousand;
- exposure to the Bank of Italy for a nominal amount of € 846,510 thousand and with an overall weighting of € 225,000 thousand.

C. SECURITISATION TRANSACTIONS

QUALITATIVE AND QUANTITATIVE INFORMATION

The merger by incorporation of the company Biverbanca S.p.A. into Cassa di Risparmio di Asti S.p.A. took effect from 6 November 2021, effective for accounting and tax purposes from 1 January 2021. Prior to that date, Cassa di Risparmio di Asti S.p.A. together with Biverbanca S.p.A. carried out three multi-originator securitisation transactions, of which only two still in existence; 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 two 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, entered 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. 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 (closed early in 2023) 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 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 Article 4 of the Measure issued on 29/04/2011, at 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 closed early in 2023), 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 entered 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 (nineth 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 entered 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 has subscribed all liabilities issued at the time of issue, is not described in this section. For a description of those transactions, please refer to section 4 - “Liquidity risk”.

For all securitisations, specific servicing agreements have been entered into between Cassa di Risparmio di Asti S.p.A. (and, 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.

As the results/benefits of the above-mentioned securitisation transactions were not fully transferred to the loan transferee (SPV), the Bank, in compliance with IFRS 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 Article 58 of Italian Legislative Decree 385/1993 and Articles 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 the 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 Article 58 of Italian Legislative Decree 385/1993 and Articles 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 the Measure of the Governor of the Bank of Italy of 7 June 2017, in force as of 30 June 2017, at no. 35670.9.

During the course of 2020, Cassa di Risparmio di Asti S.p.A. also finalised along with Biverbanca S.p.A., pursuant to Article 58 of Italian Legislative Decree 385/1993 and Articles 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 the 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, entered in the List of special purpose vehicles managed by the Bank of Italy pursuant to the Measure of the Governor of the Bank of Italy of 7 June 2017, in force as of 30 June 2017, at no. 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, entered in the List of special purpose vehicles managed by the Bank of Italy pursuant to the Measure of the Governor of the Bank of Italy of 7 June 2017, in force as of 30 June 2017, at 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 managed by the Bank of Italy pursuant to the Measure of the Governor of the Bank of Italy of 7 June 2017, in force as of 30 June 2017, at no. 35986.9.

During the course of 2023, Cassa di Risparmio di Asti S.p.A., pursuant to Article 58 of Italian Legislative Decree 385/1993 and of Italian Law 130/1999 on securitisation, finalised a non-recourse transfer of a portfolio of bad loans to the special purpose vehicle Luzzatti POP NPLs 2023 S.r.l., with registered office in Milan, Corso Vittorio Emanuele II, 24/28, entered in the List of special purpose vehicles managed by the Bank of Italy pursuant to the Measure of the Governor of the Bank of Italy of 7 June 2017, in force as of 30 June 2017, at no. 48509.4.

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 special purpose 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 special purpose securitisation vehicles established at the Bank of Italy at 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 of the Group's outstanding transactions 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. Also in this third transaction, the SPV appointed Cassa di Risparmio di Asti S.p.A. to act as servicer. Against the mortgages transferred, notes were issued for € 473,400 thousand, originally entirely repurchased by Cassa di Risparmio di Asti S.p.A. The amount was settled on 17/11/2010 through offsetting with the transferred loans. On the notes issued by the SPV, the established repayment plan has been determined on the basis of the amortisation of the transferred loans and the conditions set forth in the Offering Circular.

The general aim of the securitisation transactions is to diversify the sources of funds and/or funding pools.

The third securitisation was originally a "self-securitisation": the relative senior notes issued and not transferred to institutional investors but directly repurchased by the Bank, were used as collateral in financing transactions with the European Central Bank, providing the Bank with a liquidity reserve available for short-term ordinary operations as well as to handle temporary unexpected financial requirements and were transferred in the month of November 2014.

Type of Note	*Rating* as at 31/12/2023 S&P/Moody's	Rate	Date of issue	Expected maturity date	Value of issue	Amount repaid as at 31/12/2023	Residual value as at 31/12/2023	Notes repurchased and owned by the Bank as at 31/12/2023 (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 December 2023, 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 December 2023, to:

- notes repurchased (accounting balance) € 46,400 thousand;
- receivable from the SPV for excess spread accrued € 3,481 thousand.

In order to guarantee to noteholders the regularity of coupon flows, indexed to different parameters than the loans, 3 derivative contracts ("amortising" interest rate swaps) were entered into with a maximum maturity of 2052; the swaps were entered into between Banca di Asti and the company Intesa Sanpaolo. The swap agreements substantially mirror those which the company Intesa Sanpaolo entered into with the SPV. The flows of the swaps entered into are calculated taking into account three types of cash flows present on the loans: the transferred loan portfolio indeed consists of fixed and variable rate real estate mortgages and residential mortgages and, in turn, the variable rate mortgages call for two repricings at different dates.

On a quarterly basis, the SPV pays interest accrued on the loans, net of the spread, to Intesa Sanpaolo and receives the 3M Euribor (against the swap entered into); Intesa Sanpaolo in turn pays the amount received from the SPV to Cassa di Risparmio di Asti S.p.A. and receives the 3M Euribor; the offsetting swaps enable the SPV to collect the 3M Euribor, which is the calculation basis for the coupon on the notes. The nominal value of the swaps reduces in proportion with reductions in the securitised loans. The specular nature of the 3 swap agreements became necessary as Cassa di Risparmio di Asti S.p.A. does not have a public rating; Intesa Sanpaolo has a long-term rating from S&P of BBB, Baa1 from Moody's and BBB from Fitch.

The securitised loan assets were recognised in these financial statements under the item "Loans and advances to customers" in the amount of € 51,766 thousand.
The financial liabilities for securitised loans are recognised in "Deposits from customers" in an equal amount.

The securitisation income and expenses recognised in these financial statements are as follows:

Income		Expenses	
interest income generated by securitised assets	2,194	interest expense on notes issued	2,599
bank interest income	313	servicing fee expense	50
other revenues	37	other interest expense	30
		other expenses	147
		losses on loans	772
Total	**2,544**	**Total**	**3,598**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 4,605 thousand in overall value adjustments on the principal. The receivables for interest on arrears on bad loans amount to € 918 thousand and have been written off in full. Interest income on repurchased notes, amounting to roughly € 2,477 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 € 120 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 € 120 thousand in capital losses, as well as interest income of € 313 thousand.

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 entered 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 31/12/2023 Moody's/DBRS	Rate	Date of issue	Expected maturity date	Total issue value	Total amount repaid as at 31/12/2023	Total residual value as at 31/12/2023	Notes repurchased and owned by Banca di Asti as at 31/12/2023 (nominal value)
Class A	Aa3/AAA	3M Euribor + 0.90% (*)	28/6/2019	29/12/2072	825,000	485,998	339,002	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**	**485,998**	**502,010**	**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 31/12/2023 it amounted to € 41,109 thousand for Cassa di Risparmio di Asti S.p.A.

As at 31/12/2023, 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 € 565,590 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	24,775	interest expense on notes issued	22,807
bank interest income	903	servicing fee expense	601
other revenues	1	other interest expense	248
		losses on loans	346
		other expenses	191
Total	**25,679**	**Total**	**24,193**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 11,127 thousand in overall value adjustments on the principal.

Interest income on repurchased notes, amounting to € 9,087 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 entered 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. 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 31/12/2023 Moody's/DBRS	Rate	Date of issue	Expected maturity date	Total issue value	Total amount repaid as at 31/12/2023	Total residual value as at 31/12/2023	Notes repurchased and owned by the Bank as at 31/12/2023 (nominal value)
Class A	Aa3/AAL	3M Euribor + 0.70% (***)	02/12/2021	29/12/2082	523,100	79,631	443,469	0
Class A2 (*)	Aa3/AAL	3M Euribor + 0.70% (***)	02/12/2021	29/12/2082	759,500	401,837	357,663	357,663
Class J (**)	NO	Fixed 3%	02/12/2021	29/12/2082	217,400	60,386	157,014	157,014
Total					**1,500,000**	**541,854**	**958,146**	**514,677**

(*) 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 redeemed in full, the cash reserve will be reduced to zero.

For this securitisation transaction, there is no rate hedging through swap transactions.

The SPV determines the excess spread on a quarterly basis, which is equal to the algebraic sum of interest income relating to loans collected during the period less, in order of priority, tax charges, vehicle management costs and interest expense relating to the bond loans paid during the same period.

The excess spread (additional remuneration on J class notes) will be paid in full by the SPV to the originators, based on available financial resources, when the notes are repaid; as at 31/12/2023, it amounts to € 11,892 thousand for Cassa di Risparmio di Asti S.p.A.

As at 31/12/2023, 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 € 903,228 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	33,181	interest expense on notes issued	31,528
Bank interest income	1,168	servicing fee expense	941
		other interest expense	124
		other expenses	206
Total	**34,349**	**Total**	**32,799**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 7,548 thousand in overall value adjustments on the principal.

Interest income on repurchased notes, amounting to € 17,791 thousand, was fully allocated against a reduction in interest expense on the notes issued.

INFORMATION RELATING TO THE MILONE SECURITISATION TRANSACTION

In October 2023, Cassa di Risparmio di Asti S.p.A. carried out a new securitisation transaction with the special purpose vehicle Milone CQS S.r.l., with registered office in Conegliano, Via Alfieri n. 1, registered in the Rome Register of Companies no. 05430850262 and entered 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. 48482.4. The transaction took place through the non-recourse transfer to the SPV of receivables from salary and/or pension assignment loans, or backed by a delegation of payment, totalling € 458,003, thousand all belonging to the "performing" category. The transaction provides for a revolving period of 12 months.

The transaction provides for a revolving period of 12 months and has characteristics such as to be qualified as a simple, transparent and standardised securitisation pursuant to Articles 18 et seq. of Regulation (EU) 2017/2402 of the European Parliament.

In relation to the loans transferred as "initial receivables" bonds were issued for € 458,004 thousand (first initial payment). The notes were issued on 26 October 2023 and 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.

Type of Note	*Rating* as at 31/12/2023 Moody's/DBRS	Rate	Date of issue	Expected maturity date	Total issue value	Total amount repaid as at 31/12/2023	Total residual value as at 31/12/2023	Notes repurchased and owned by Banca di Asti as at 31/12/2023 (nominal value)
Class A1	no rating	3M Euribor + 1.20%	26/10/2023	27/01/2049	368,600	0	368,600	0
Class J	no rating	Fixed 3%	26/10/2023	27/01/2049	89,404	0	89,404	89,404
Total					**458,004**	**0**	**458,004**	**89,404**

In order to protect the bond holders from possible losses and to ensure the soundness of the structure, enabling the SPV to meet its commitments to investors, the Bank granted the SPV a loan with limited collectability. The disbursement will take place in several instalments: € 50 thousand by the issue date and thereafter, as long as there are Class A Securities, an amount equal to the difference, if positive, between the *Euribor Cash Reserve Target Amount* and the account balance of the amounts deposited on the *Euribor Cash Reserve Account*.

For this securitisation transaction, there is no rate hedging through swap transactions.

The SPV determines the excess spread on a quarterly basis, which is equal to the algebraic sum of interest income relating to loans collected during the period less, in order of priority, tax charges, vehicle management costs and interest expense relating to the bond loans paid during the same period.

The excess spread (additional remuneration on J class notes) will be paid in full by the SPV to the originators, based on available financial resources, when the notes are repaid; as at 31/12/2023, it amounts to € 7,882 thousand for Cassa di Risparmio di Asti S.p.A.

As at 31/12/2023, 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 € 443,116 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	11,903	interest expense on notes issued	4,029
bank interest income	94	servicing fee expense	40
		other interest expense	1
		other expenses	45
Total	**11,997**	**Total**	**4,115**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 2,433 thousand in overall value adjustments on the principal.

Interest income on repurchased notes, amounting to € 499 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 Article 58 of Italian Legislative Decree 385/1993 and Articles 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 the 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 Article 5 of Italian Law 130/1999:

Type of Note	*Rating* as at 31/12/2023 Moody's/Scope/ DBRS	Rate	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2023	Total Residual amount as at 31/12/2023	Residual amount of notes repurchased and still owned by the Bank as at 31/12/2023
Class A	B2/B+/CCC	6M Euribor + 0.5% (*)	26/7/2018	25/7/2037	170,809	0.581	71,635	99,174	99,174
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**		**71,635**	**134,995**	**100,967**

(*) 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 € 2,700 thousand as at 31 December 2023. 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 Article 58 of Italian Legislative Decree 385/1993 and Articles 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 the 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 Article 5 of Italian Law 130/1999:

Type of Note	*Rating* as at 31/12/2023 DBRS/Scope Ratings	Return	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2023	Total Residual amount as at 31/12/2023	Residual amount of notes repurchased and still owned by Banca di Asti as at 31/12/2023
Class A	BBB/BB+	6M Euribor + 0.30% (*)	23/12/2019	06/02/2045	173,000	0.516	83,777	89,223	8,767
Class B	CCC/CC	6M Euribor + 9.50%	23/12/2019	06/02/2045	25,000	1.000	0	25,000	123
Class J	no rating	6M Euribor + 12.00%	23/12/2019	06/02/2045	5,000	1.000	0	5,000	25
Total					**203,000**		**83,777**	**119,223**	**8,914**

(*) 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. Morgan AG 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 cash reserve as at 31 December 2023 is € 447 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 Article 58 of Italian Legislative Decree 385/1993 and Article 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 the 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 Article 5 of Italian Law 130/1999:

Type of Note	*Rating* as at 31/12/2023 DBRS/ Scope Ratings	Return	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2023	Total Residual amount as at 31/12/2023	Residual amount of notes repurchased and still owned by Banca di Asti as at 31/12/2023
Class A	BBB/BBB+	6M Euribor + 0.30% (*)	23/12/2020	29/12/2045	241,500	0.476	126,602	114,898	10,999
Class B	CCC/CC	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	62
Total					**276,500**		**126,602**	**149,898**	**11,214**

(*) 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 2023 is € 495 thousand.
On 25 January 2021, a petition was submitted to the MEF to obtain the “GACS” in favour of the holders of the senior note.

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 Article 58 of Italian Legislative Decree 385/1993 and Articles 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 entered in the List of special purpose vehicles managed by the Bank of Italy pursuant to the 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 Article 5 of Italian Law 130/1999:

Type of Note	*Rating* as at 31/12/2023 Moody's/ Scope/ARC Ratings	Return	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2023	Total Residual amount as at 31/12/2023	Residual amount of notes repurchased and still owned by Banca di Asti as at 31/12/2023
Class A	Baa2/BBB/BBB	6M Euribor + 0.35% (*)	29/11/2021	30/04/2046	284,000	0.771	65,148	218,852	21,313
Class B	Caa2/CCC/CCC+	6M Euribor + 8%	29/11/2021	30/04/2046	39,500	1.000	0	39,500	192
Class J	no rating	Variable	29/11/2021	30/04/2046	13,000	1.000	0	13,000	63
Total					**336,500**		**65,148**	**271,352**	**21,568**

(*) 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 € 13,520 thousand, intended to manage the risk of any misalignments between the funds deriving from collections and the sums due against senior costs of the transaction and interest on the senior notes. This reserve was funded at the time of the issue of the notes, by a limited recourse loan disbursed in part by the transferors, amounting to around € 866 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 note.

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 the 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 31/12/2023 Moody's/ARC Ratings	Rate	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2023	Total Residual amount as at 31/12/2023	Residual amount of notes repurchased and still owned by Banca di Asti as at 31/12/2023
Class A	Baa1/BBB	6M Euribor + 0.35%	10/05/2022	31/01/2047	142,000	0.928	10,166	131,834	4,586
Class B	no rating	6M Euribor + 9.5%	10/05/2022	31/01/2047	19,500	1.000	0	19,500	34
Class J	no rating	Fixed 15%	10/05/2022	31/01/2047	6,500	1.000	0	6,500	11
Total					**168,000**		**10,166**	**157,834**	**4,631**

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 Transferring 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 transferring banks. The residual amount of the cash reserve as at 31 December 2023 is € 143 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 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 the 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 Article 5 of Italian Law 130/1999:

Type of Note	*Rating* as at 31/12/2023 Moody's/ARC Ratings	Rate	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2023	Total Residual amount as at 31/12/2023	Residual amount of notes repurchased and still owned by Banca di Asti as at 31/12/2023
Class A	Baa1/BBB+	Fixed 4%	29/12/2022	31/01/2042	118,250	0.771	27,069	91,181	15,211
Class B	no rating	6M Euribor + 10%	29/12/2022	31/01/2042	17,500	1.000	0	17,500	146
Class J	no rating	6M Euribor + 15%	29/12/2022	31/01/2042	3,000	1.000	0	3,000	25
Total					**138,750**		**27,069**	**111,681**	**15,382**

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 € 5.320 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 transferring banks. The residual amount of the cash reserve as at 31 December 2023 is € 789 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 LUZZATTI POP NPLS 2023 S.R.L. TRANSACTION

On 28 December 2023, 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 2023 S.r.l., with registered office in Corso Vittorio Emanuele II, 24/28, Milan, entered in the List of special purpose vehicles managed by the Bank of Italy pursuant to the Measure of the Governor of the Bank of Italy of 7 June 2017, in force as of 30 June 2017, at no. 48509.4.

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 € 37,160 thousand at the transfer date. Against the acquisition of the above-mentioned loans, on 28

December 2023 Luzzatti POP NPLs 2023 S.r.l. has 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 31/12/2023 ARC/DBRS	Rate	Date of issue	Expected maturity date	Total amount issued	*Pool Factor*	Total amount repaid as at 31/12/2023	Total Residual amount as at 31/12/2023	Residual amount of notes repurchased and still owned by Banca di Asti as at 31/12/2023
Class A	BBB+/BBB	Fixed 4%	28/12/2023	30/06/2043	77,500	1.000	0	77,500	11,578
Class B	no rating	6M Euribor + 10%	28/12/2023	30/06/2043	11,000	1.000	0	11,000	82
Class J	no rating	6M Euribor + 15%	28/12/2023	30/06/2043	3,000	1.000	0	3,000	22
Total					**91,500**		**0**	**91,500**	**11,682**

The notes were fully subscribed by the Transferring Banks and, also on 29 December 2023, 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 € 3.490 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 transferring banks. The residual amount of the cash reserve of the Bank as at 31 December 2023 is € 525 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 DYRET SPV TRANSACTION

On 11 May 2017, the company Pitagora S.p.A. entered into a non-recourse monthly loan transfer agreement with the special purpose vehicle Lake Securitisation Srl, as part of a multi-originator securitisation transaction structured by Banca Progetto, pursuant to Italian Law 130, with no note tranching. The size of the transaction is between € 50 and € 100 million per year in terms of price, with a 24-month ramp-up period. The transfer agreement underlying the transaction calls for different transfer prices depending on product type.

The company has no obligation to retain the notes issued by the vehicle established pursuant to Italian Law 130, considering the fact that the transaction cannot be considered a securitisation pursuant to Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013, on prudential requirements for credit institutions and investment firms and amending Regulation

(EU) No. 648/2012 - Capital Requirements Regulation (CRR), since the requirements established therein are not met.

In this transaction, as well as being the Originator, Pitagora also acts as Sub-servicer.

INFORMATION RELATING TO THE PETILIA SECURITISATION TRANSACTION

On 19 December 2019, the company Pitagora S.p.A. 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 1M';
- size of the new 'Junior Notes' at € 27,000,000.00 with an interest rate of '6.00% + Euribor 1M'.

In August 2022, a further contractual amendment was signed in order to:
change the interest rate of the Senior Notes to "0.70% + Euribor 1M" and 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 SECURITISATION 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.

No receivables were transferred in 2023, and at the "payment date" of 27/12/2023 the outstanding value of the only note present was € 84,752,838.

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 SECURITISATION

On 7 December 2022, the company Pitagora S.p.A. 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.

No receivables were sold in 2023, and on the "payment date" of 27/12/2023 the outstanding value of the securities was as follows:

- Senior Notes: € 77,222,464.12
- Junior Notes: € 21,799,790.92.

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	**27,145**	**33**	**464**	**0**	**3**	**0**
securities connected to the Luzzatti NPLs 2023 securitisation transaction	11,695	14	28	0	0	0
securities connected to the Luzzatti NPLs 2022 securitisation transaction	15,450	19	46	0	0	0
securities connected to the Maggese securitisation transaction	0	0	270	0	0	0
securities connected to the Pop NPLs 2019 securitisation transaction	0	0	26	0	0	0
securities connected to the Pop NPLs 2020 securitisation transaction	0	0	29	0	2	0
securities connected to the Pop NPLs 2021 securitisation transaction	0	0	56	0	1	0
securities connected to the Pop NPLs 2022 securitisation transaction	0	0	9	0	0	0
B. Partially derecognised	**0**	**0**	**0**	**0**	**0**	**0**
- Type of activity	0	0	0	0	0	**0**
C. Not derecognised	**2,055,323**	**25,713**	**0**	**0**	**0**	0
performing mortgage loans	2,034,444	13,045	0	0	0	0
- salary and pension assignment loans	312,983	0	25,642	0	49,153	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 exposures

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	8,937	223	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	51,701	0	3,393	0	0	46,400
Asti GROUP PMI S.r.l. (*)	Rome	Yes	1,077,308	0	209,023	700,000	0	485,339
Asti GROUP RMBS II S.r.l.	Rome	Yes	561,731	0	23,003	339,002	64,300	98,708
Asti GROUP RMBS III S.r.l. (*)	Rome	Yes	901,182	0	25,710	379,052	357,663	157,014
Milone S.r.l.	Milan	Yes	443,116	0	26,902	368,600	0	89,404
Maggese S.r.l.	Rome	No	127,721	0	13,532	115,065	24,401	11,420
POP NPLS 2019 S.r.l.	Conegliano (TV)	No	5,123	0	0	6,581	1,301	309
POP NPLs 2020 S.r.l.	Rome	No	13,596	0	3,032	14,127	3,074	1,229
BCC NPLs 2021 S.r.l.	Conegliano (TV)	No	19,898	0	0	21,229	1,310	109
BCC NPLs 2022 S.r.l.	Conegliano (TV)	No	4,782	0	0	5,036	206	20
Luzzatti POP NPLs 2022	Conegliano (TV)	No	70,466	0	0	13,185	2,531	434
Luzzatti POP NPLs 2023	Milan	No	37,174	0	0	9,192	1,305	356
MANU SPV SRL	Conegliano (TV)	Yes	289,405	0	11,743	237,851	27,962	31,477
DYRET SPV SRL	Milan	No	59,596	0	5,639	44,123	13,667	21,360
PETILIA FINANCE SRL	Milan	No	130,946	0	7,231	133,765	22,639	0
GIORGIA SPV SRL	Conegliano (TV)	No	86,194	0	2,260	84,753	0	0
AIDA SPV SRL	Conegliano (TV)	Yes	96,590	0	2,948	77,222	0	21.800

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 € 99,174 thousand as at 31 December 2023.
The details of the senior tranche are provided below:

Note	Listing Market	Rate/Spread	*Rating* as at 31/12/2023 Moody's/Scope/DBRS	Final repayment date	Total amount issued	Residual amount of notes repurchased and still owned as at 31/12/2023	Subscriber
Senior	Unlisted	6M Euribor + 0.5%	B2/CCC/CCC	Jul-37	170,809	99,174	Cassa di Risparmio di Asti S.p.A.
Total					**170,809**	**99,174**	

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 31/12/2023 Moody's/Scope Ratings	Final repayment date	Total amount issued	Residual amount of notes repurchased and still owned as at 31/12/2023	Subscriber
Senior	Unlisted	6M Euribor + 0.30%	BBB/BB+	Feb-45	173,000	8,767	Cassa di Risparmio di Asti S.p.A.
Total					**173,000**	**8,767**	

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 cash reserve as at 31 December 2023 is € 447 thousand.

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 31/12/2023 DBRS/Scope Ratings	Final repayment date	Nominal value issued	Residual amount of notes repurchased and still owned as at 31/12/2023	Subscriber
Senior	Unlisted	6M Euribor + 0.30%	BBB/BBB	Dec-45	241,500	10,999	Cassa di Risparmio di Asti S.p.A.
Total					**241,500**	**10,999**	

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 2023 is € 495 thousand.

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 31/12/2023 Moody's/Scope Ratings	Final repayment date	Nominal value issued	Residual amount of notes repurchased and still owned as at 31/12/2023	Subscriber
Senior	Unlisted	6M Euribor + 0.35%	Baa2/BBB	Apr-46	284,000	21,313	Cassa di Risparmio di Asti S.p.A.
Total					**284,000**	**21,313**	

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 € 866 thousand for Cassa di Risparmio di Asti S.p.A.

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 31/12/2023 Moody's/Scope Ratings	Final repayment date	Nominal value issued	Residual amount of notes repurchased and still owned as at 31/12/2023	Subscriber
Senior	Unlisted	6M Euribor + 0.35%	Baa1/BBB	Jan-47	142,000	4,586	Cassa di Risparmio di Asti S.p.A.
Total					**142,000**	**4,586**	

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 transferring banks. The residual amount of the cash reserve as at 31 December 2023 is € 143 thousand.

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 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 pursuant to Italian legislation, the GACS guarantee cannot be requested at the date of completion. However, the notes are payable under 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 31/12/2023 Moody's/Scope Ratings	Final repayment date	Nominal value issued	Residual amount of notes repurchased and still owned as at 31/12/2023	Subscriber
Senior	Unlisted	Fixed 4%	Baa1/BBB+	Jan-42	118,250	15,211	Cassa di Risparmio di Asti S.p.A.
Total					**118,250**	**15,211**	

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 transferring banks. The residual amount of the cash reserve as at 31 December 2023 is € 789 thousand.

Luzzatti POP NPLs 2023 S.r.l.

Following the securitisation of bad loans to the special purpose vehicle Luzzatti POP NPLs 2023 S.r.l., the Transferring Banks subscribed pro rata the senior tranche issued by the SPV, for a total value of € 77,500 thousand as at 31 December 2023 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 31/12/2023 ARC/DBRS	Final repayment date	Nominal value issued	Residual amount of notes repurchased and still owned as at 31/12/2023	Subscriber
Senior	Unlisted	Fixed 4%	BBB+/BBB	Jun-43	77,500	11,578	Cassa di Risparmio di Asti S.p.A.
Total					**77,500**	**11,578**	

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 transferring banks. The residual amount of the cash reserve as at 31 December 2023 is € 525 thousand.

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	0	0	259	1,248
yes	Dyret spv srl	347	3,052	366	1,937
yes	Petilia Finance srl	5,663	98,939	7,502	44,787
yes	Giorgia	2,128	58,298	2,517	14,128

(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

DISPOSALS

A. Financial assets sold and not fully derecognised

QUALITATIVE INFORMATION

For a description of the transactions contained in tables D.1 and D.2 below, please refer to the footnotes of the tables themselves.

QUANTITATIVE INFORMATION

D.1 PRUDENTIAL CONSOLIDATION - FINANCIAL ASSETS SOLD AND FULLY RECOGNISED AND ASSOCIATED FINANCIAL LIABILITIES: BOOK VALUES	Financial assets sold and fully recognised				Associated financial liabilities		
	Book value	of which: subject to securitisation transactions	of which: subject to contracts of sale with repurchase obligation	of which non-performing	Book value	of which: subject to securitisation transactions	of which: subject to contracts of sale with repurchase obligation
A. Financial assets held for trading	**9,846**	**9,846**	**0**	**X**	**671**	**671**	**0**
1. Debt securities	0	0	0	X	0	0	0
2. Equity instruments	0	0	0	X	0	0	0
3. Loans	9,846	9,846	0	X	671	671	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	**17,337**	**17,304**	**0**	**967**	**10,792**	**10,792**	**0**
1. Debt securities	0	0	0	0	0	0	0
2. Equity instruments	0	0	0	X	0	0	0
3. Loans	17,337	17,304	0	967	10,792	10,792	0
E. Financial assets measured at amortised cost	**2,466,243**	**2,417,820**	**48,423**	**34,415**	**1,675,309**	**1,405,683**	**269,626**
1. Debt securities	48,423	0	48,423	0	269,626	0	269,626
2. Loans	2,417,820	2,417,820	0	34,415	1,405,683	1,405,683	0
Total 2023	**2,493,426**	**2,444,970**	**48,423**	**35,382**	**1,686,772**	**1,417,146**	**269,626**
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	
			2023	2022
A. Financial assets held for trading	**9,846**	**0**	**9,846**	**1,185**
1. Debt securities	0	0	0	0
2. Equity instruments	0	0	0	0
3. Loans	9,846	0	9,846	1,185
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	**17,304**	**0**	**17,304**	**27,894**
1. Debt securities	0	0	0	0
2. Equity instruments	0	0	0	0
3. Loans	17,304	0	17,304	27,894
E. Financial assets measured at amortised cost (fair value)	**2,528,339**	0	**2,528,339**	**2,405,564**
1. Debt securities	0	0	0	0
2. Loans	2,528,339	0	2,528,339	2,405,564
Total financial assets	**2,555,489**	**0**	**2,555,489**	**2,434,643**
Total associated financial liabilities	**1,417,146**	**0**	**X**	**X**
Net value 2023	**1,138,343**	**0**	**1,138,343**	**X**
Net value 2022	**1,137,454**	**0**	**X**	**1,137,454**

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 A-IRB internal rating system constitutes a 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 the Parent 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.
The Group's objective is to maintain a good balance between the balance sheet (and off-balance sheet) assets and liabilities of the banking book in terms of sensitivity to any change in the market interest rate curve.
The structure of internal transfer rates is reviewed annually when drafting the budget document. In the guidelines for the preparation of the budget for the year 2024, the criteria already used for the financial year ending December 2023 (at the time amended to meet the significantly changed market context in terms of the level of interest rates, including short-term rates), were substantially confirmed with the re-proposal of some adjustments made for the treatment of on-demand items. 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.

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

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	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1.1 Debt securities	3	0	0	0	0	0	0	0
- with early repayment option	0	0	0	0	0	0	0	0
- other	3	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	1,504	2,282	3,931	26,754	4,721	0	0
+ Short positions	0	2,294	2,200	3,462	26,843	4,392	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 the following methodologies:

- historical simulation VaR and Compatible Loss, for investments in financial instruments held in the bank-owned FVOCI portfolio;
- 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 Risk Control Function, in order to facilitate the determination of the strategies to be followed in relation to market rate fluctuation outlooks.
As stated 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.

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 (option available until the IASB provides a consolidated and shared regulatory framework on macro-hedges).

The types of derivatives used consist of “over the counter” interest rate swap (IRS) contracts. Hedged assets and liabilities 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	**3,152,382**	**1,812,092**	**764,826**	**321,366**	**1,756,411**	**2,920,729**	**900,124**	**0**
1.1 Debt securities	1,271	423,073	181,345	83,384	171,963	1,768,906	230,913	0
- with early repayment option	1,271	14,242	22,326	1,679	9,110	0	11,722	0
- other	0	408,831	159,019	81,705	162,853	1,768,906	219,191	0
1.2 Loans to banks	682,170	66,465	0	0	0	0	0	0
1.3 Loans to customers	2,468,941	1,322,554	583,481	237,982	1,584,448	1,151,823	669,211	0
- c/a	359,006	0	0	0	72	2,212	0	0
- other loans	2,109,935	1,322,554	583,481	237,982	1,584,376	1,149,611	669,211	0
- with early repayment option	1,757,098	1,142,581	502,570	134,490	796,722	569,862	664,408	0
- other	352,837	179,973	80,911	103,492	787,654	579,749	4,803	0
2. Balance sheet liabilities	**6,712,425**	**739,493**	**1,195,182**	**768,621**	**1,618,632**	**73,542**	**4,802**	**0**
2.1 Deposits from customers	6,640,354	438,796	1,114,898	37,637	919,308	10,647	4,143	0
- c/a	6,556,783	80,084	10,818	34,859	901,250	0	0	0
- other liabilities	83,571	358,712	1,104,080	2,778	18,058	10,647	4,143	0
- with early repayment option	0	0	0	0	0	0	0	0
- other	83,571	358,712	1,104,080	2,778	18,058	10,647	4,143	0
2.2 Deposits from banks	14,838	11	47	513,669	227,767	852	659	0
- c/a	11,630	0	0	0	0	0	0	0
- other liabilities	3,208	11	47	513,669	227,767	852	659	0
2.3 Debt securities	57,233	300,686	80,237	217,315	471,557	62,043	0	0
- with early repayment option	0	0	43,315	0	135,668	0	0	0
- other	57,233	300,686	36,922	217,315	335,889	62,043	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	6	44	1	19	0	0	0
+ Short positions	0	158	0	0	0	0	0	0
3.2 Without underlying security								
- Options								
+ Long positions	0	2,292	2,200	3,461	26,842	4,392	1	0
+ Short positions	0	1,502	2,281	3,930	26,752	4,721	2	0
- Other derivatives								
+ Long positions	0	1,177,032	1,265,059	108	16,235	184	1,548	0
+ Short positions	0	105,560	4,093	7,536	204,277	1,908,100	229,223	0
4. Other off-balance sheet transactions								
+ Long positions	95,853	0	0	0	0	0	0	0
+ Short positions	95,853	0	0	0	0	0	0	0

1.2 MARKET RISK

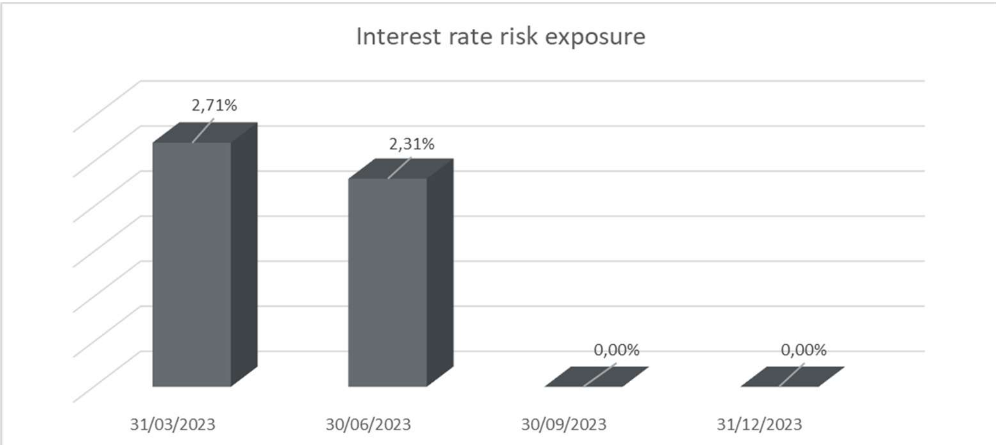
1. BANKING BOOK: BREAKDOWN BY RESIDUAL MATURITY (REPRICING DATE) OF FINANCIAL ASSETS AND LIABILITIES: OTHER CURRENCIES Type/Residual maturity	On demand	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	5 to 10 years	Over 10 years	Unspecified maturity
1. Balance sheet assets	**13,250**	**9,043**	**182**	**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	12,707	0	0	0	0	0	0	0
1.3 Loans to customers	543	9,043	182	0	0	0	0	0
- c/a	543	0	0	0	0	0	0	0
- other loans	0	9,043	182	0	0	0	0	0
- with early repayment option	0	0	0	0	0	0	0	0
- other	0	9,043	182	0	0	0	0	0
2. Balance sheet liabilities	**22,559**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2.1 Deposits from customers	22,559	0	0	0	0	0	0	0
- c/a	22,559	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	1,506	0	0	0	0	0	0
+ Short positions	0	2,883	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

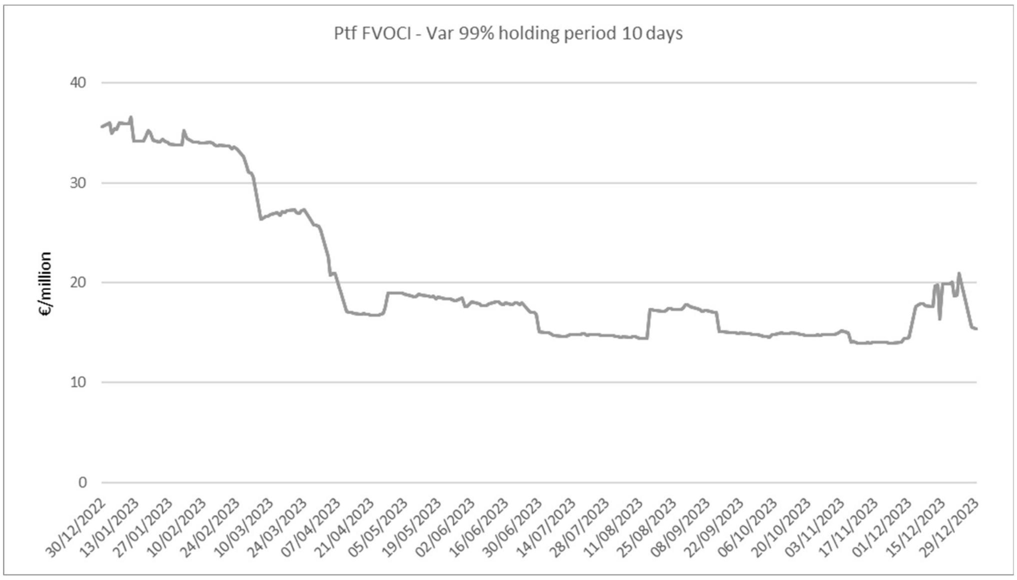
SENSITIVITY ANALYSIS METHODOLOGIES

The interest rate risk on the banking book, expressed in terms of economic value at risk, was zero as at 31 December 2023, confirming the balance of the banking book items in terms of sensitivity to even significant changes in the market rate curve. The aforementioned balancing is also achieved thanks to the active management of this risk by the Finance Function on the owned securities portfolio through the use of interest rate swap derivative instruments. In both scenarios under Appendix C of Bank of Italy's Circular No. 285, a positive economic impact is generated due to the combined effect of the gaps per individual time bucket (in the context of an overall liability-sensitive position, surplus funding on the short- and medium-term bands and lending on the long-term bands) and the weightings applied based on the downward and upward rate scenarios of the 1st and 99th percentile of the annual rate changes) provided by the simplified methodology used.
The results of the stress tests carried out on the basis of the EBA proposed scenarios show the higher value of internal capital against the IRRBB in the event of a “short rate shock”. The values highlighted by the EBA stress tests (where they involve a negative impact) are in any case broadly below the alert threshold of 15% of the Cet1 set by the EBA Guidelines.

The economic value at risk as at 31 December 2023 was therefore equal to zero (as was also the case at the end of the third quarter); in 2023, in conjunction with the quarterly determination of Capital Absorption of Pillar II it recorded a maximum value of € 26.7 million (2.71% of Own Funds) in the first quarter of 2023 and a minimum value of zero based on the above.



At the end of 2023, the historical simulation-based VaR (10 days holding period and 99% confidence interval) calculated on the bank-owned portfolio in the FVOCI (Held to Collect and Sell business model) amounted to € 15.4 million; during the year the average value was € 20.3 million, the minimum own value was € 13.9 million and the maximum value was € 36.5 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	Russian Ruble	Australian Dollar	US Dollar	British Pound Sterling	Swiss Franc	Other currencies
A. Financial assets	**243**	**211**	**17,306**	**3,354**	**1,147**	**213**
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	243	211	7,542	3,351	1,147	213
A.4 Loans to customers	0	0	9,764	3	0	0
A.5 Other financial assets	0	0	0	0	0	0
B. Other assets	**0**	**63**	**1,194**	**281**	**444**	**412**
C. Financial liabilities	**235**	**24**	**16,995**	**3,633**	**1,484**	**188**
C.1 Deposits from banks	0	0	0	0	0	0
C.2 Deposits from customers	235	24	16,995	3,633	1,484	188
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**	**903**	**0**	**30**	**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	1,506	0	0	0
+ Short positions	0	246	1,874	5	33	302
Total assets	**243**	**274**	**20,006**	**3,635**	**1,591**	**625**
Total liabilities	**235**	**270**	**19,772**	**3,638**	**1,547**	**490**
Difference (+/-)	**8**	**4**	**234**	**-3**	**44**	**135**

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 TRADING DERIVATIVES: NOTIONAL AMOUNTS AT YEAR END	Total 2023				Total 2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties		
Underlying assets/Derivative types		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	**0**	**116,942**	**1,488**	**0**	**0**	**172,493**	**1,688**	**0**
a) Options	0	1,488	1,488	0	0	1,688	1,688	0
b) Swaps	0	115,454	0	0	0	170,805	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**	**936**	**0**	**0**	**0**	**3,391**	**0**
a) Options	0	0	0	0	0	0	0	0
b) Swaps	0	0	423	0	0	0	1,516	0
c) Forwards	0	0	513	0	0	0	1,875	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**	**116,942**	**2,758**	**0**	**0**	**172,493**	**5,413**	**0**

1.3 DERIVATIVES AND HEDGING POLICIES

A.2 FINANCIAL TRADING DERIVATIVES: GROSS POSITIVE AND NEGATIVE FAIR VALUE - BREAKDOWN BY PRODUCT	Total 2023				Total 2022			
	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	85	0	0	0	58	0	0
b) Interest rate swaps	0	873	0	0	0	1,010	0	0
c) Cross currency swaps	0	0	1	0	0	0	5	0
d) Equity swaps	0	0	0	0	0	0	0	0
e) Forwards	0	0	5	0	0	0	74	0
f) Futures	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0
Total	**0**	**958**	**6**	**0**	**0**	**1,068**	**79**	**0**
2. Negative fair value								
a) Options	0	0	188	0	0	0	207	0
b) Interest rate swaps	0	1,781	0	0	0	1,848	0	0
c) Cross currency swaps	0	0	2	0	0	0	2	0
d) Equity swaps	0	0	0	0	0	0	0	0
e) Forwards	0	0	3	0	0	0	74	0
f) Futures	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0
Total	**0**	**1,781**	**193**	**0**	**0**	**1,848**	**283**	**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	**0**	**0**	**0**	**1886**
- notional amount	X	0	0	1,488
- positive fair value	X	0	0	0
- negative fair value	X	0	0	69
2) Equity securities and stock indices	**0**	**453**	**0**	**0**
- notional amount	X	334	0	0
- positive fair value	X	0	0	0
- negative fair value	X	119	0	0
3) Gold and currencies	**0**	**689**	**0**	**258**
- notional amount	X	682	0	254
- positive fair value	X	2	0	4
- negative fair value	X	5	0	0
4) Commodities	**0**	**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	**0**	**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**	**119,681**	**0**	**0**
- notional amount	0	116,942	0	0
- positive fair value	0	958	0	0
- negative fair value	0	1,781	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 AMOUNTS 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	15,510	102,920	118,430
A.2 Financial derivatives on equity securities and stock indices	0	334	0	334
A.3 Financial derivatives on currencies and gold	936	0	0	936
A.4 Financial derivatives on commodities	0	0	0	0
A.5 Other financial derivatives	0	0	0	0
Total 2023	**936**	**15,844**	**102,920**	**119,700**
Total 2022	**33,391**	**16,444**	**128,071**	**177,906**

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 related 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 (option available 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. Hedged assets and liabilities include bonds acquired or issued by the Group Banks and fixed rate loans.

B. Cash flow hedging

Cash flow hedge is the accounting model for the hedging of exposure to the variability of flows associated with assets or liabilities or highly likely future transactions depending on a specific risk. The risk hedged, in this case, is interest rate risk, consisting of the possibility that future changes in the level of market rates may negatively influence company results.

Keeping in mind that a derivative used for risk management on a net basis may be considered indistinctly as a Fair Value Hedge or a Cash Flow Hedge instrument (an IRS, which pays fixed and receives variable, may be considered a hedge of a fixed rate asset or a variable rate liability), the Bank 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 Bank has developed a specific internal policy that defines the roles and duties of the company figures involved.

C. Hedging of foreign investments

There are no items of this type.

D. Hedging instruments

The types of derivatives used are represented by “over the counter” interest rate swap (IRS) contracts.

E. Hedged items

The precisely identified assets and liabilities hedged include bonds acquired or issued by the Bank.

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 2023 (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, USD and YEN), they were also disposed of.

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 AMOUNTS AT YEAR END	Total 2023				Total 2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central Counterparties	Without central counterparties			Central Counterparties	Without central counterparties		
Underlying assets/Derivative types		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates	**0**	**2,341,832**	**0**	**0**	**0**	**2,101,707**	**0**	**0**
a) Options	0	0	0	0	0	0	0	0
b) Swaps	0	2,341,832		0	0	2,101,707	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**	**2,341,832**	**0**	**0**	**0**	**2,101,707**	**0**	**0**

1.3 DERIVATIVES AND HEDGING POLICIES

A.2 FINANCIAL HEDGING DERIVATIVES: GROSS POSITIVE AND NEGATIVE FAIR VALUE - BREAKDOWN BY PRODUCT	*Positive and negative fair value*								Change in value used to calculate the ineffectiveness of the hedge	
	Total 2023				Total 2022					
	Over the counter			Organised markets	*Over the counter*			Organised markets	Total 2023	Total 2022
	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	18,312	0	0	0	176,574	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**	**18,312**	**0**	**0**	**0**	**176,574**	**0**	**0**	**0**	**0**
Negative fair value										
a) Options	0	0	0	0	0	0	0	0	0	0
b) Interest rate swaps	0	112,954	0	0	0	7,785	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**	**112,954**	**0**	**0**	**0**	**7,785**	**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**	**2,023,058**	**450,040**	**0**
- notional amount	0	1,916,832	425,000	0
- positive fair value	0	7,069	11,243	0
- negative fair value	0	99,157	13,797	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 AMOUNTS 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	150,000	2,191,832	2,341,832
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 2023	**0**	**150,000**	**2,191,832**	**2,341,832**
Total 2022	**0**	**0**	**2,101,707**	**2,101,707**

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 (on which to be noted is the early repayment of part of the outstanding TLTRO operations), plus, to a lesser extent, institutional funding obtained through repurchase agreements with "Cassa di Compensazione e Garanzia" and with institutional counterparties, 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 Risks 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 involve 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 2023 at Group level were 240.4% and 169.2% for the *Liquidity Coverage Ratio* and *Net Stable Funding Ratio*, respectively. These values, a further improvement on the figures at the end of the previous year, are therefore well above the minimum values required by law.
The level and evolution over time of values correlated with the thresholds and indicators are constantly monitored by the Risks 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 sensitivity analyses; 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 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.

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)	**651,127**	**13,169**	**20,688**	**433,297**	**594,044**	**501,350**	**725,091**	**2,932,324**	**5,596,157**	**71,301**
A.1 Government securities	0	0	0	300,600	8,276	157,644	99,132	152,000	2,115,000	0
A.2 Other debt securities	3,417	0	0	2,669	712	1,452	2,828	11,912	179,361	0
A.3 Units of UCITS	64,641	0	0	0	0	0	0	0	0	0
A.4 Loans	583,069	13,169	20,688	130,028	585,056	342,254	623,131	2,768,412	3,301,796	71,301
- Banks	127,054	247	0	11	2	0	0	0	0	66,386
- Customers	456,015	12,922	20,688	130,017	585,054	342,254	623,131	2,768,412	3,301,796	4,915
B. Balance sheet liabilities	**6,679,638**	**314**	**2,769**	**15,034**	**156,092**	**181,374**	**908,135**	**1,957,492**	**1,313,443**	**0**
B.1 Deposits and current accounts	6,635,206	105	1,412	7,799	69,999	11,038	35,250	894,220	0	0
- Banks	11,630	0	0	0	0	0	0	0	0	0
- Customers	6,623,576	105	1,412	7,799	69,999	11,038	35,250	894,220	0	0
B.2 Debt securities	137	209	1,357	643	28,153	43,295	252,349	611,141	269,192	0
B.3 Other liabilities	44,295	0	0	6,592	57,940	127,041	620,536	452,131	1,044,251	0
C. Off-balance sheet transactions										
C.1 Physically settled fin. derivatives										
- Long positions	0	1,706	359	394	0	40	1	26	6	0
- Short positions	0	1,474	0	188	0	0	0	0	0	0
C.2 Cash settled fin. derivatives										
- Long positions	0	0	0	413	5,124	9,229	9,303	0	0	0
- Short positions	84	0	0	389	82	531	3,031	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	7	0	0	0	0	0	91	6,958	88,798	0
- Short positions	95,853	0	0	0	0	0	0	0	0	0
C.5 Financial guarantees given	8	0	0	6	12	12	9	3	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

PART E
INFORMATION ON RISKS AND RELATIVE HEDGING POLICIES

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)	**13,177**	**0**	**3,478**	**5,346**	**370**	**255**	**137**	**517**	**2,363**	**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	13,177	0	3,478	5,346	370	255	137	517	2,363	0
- Banks	12,707	0	0	0	0	0	0	0	0	0
- Customers	470	0	3,478	5,346	370	255	137	517	2,363	0
B. Balance sheet liabilities	**22,560**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B.1 Deposits and current accounts	22,560	0	0	0	0	0	0	0	0	0
- Banks	0	0	0	0	0	0	0	0	0	0
- Customers	22,560	0	0	0	0	0	0	0	0	0
B.2 Debt securities	0	0	0	0	0	0	0	0	0	0
B.3 Other liabilities	0	0	0	0	0	0	0	0	0	0
C. Off-balance sheet transactions										
C.1 Physically settled fin. derivatives										
- Long positions	0	1,321	0	186	0	0	0	0	0	0
- Short positions	0	1,709	359	392	0	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 Article 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 entails the issue by the SPV of notes with defined amounts and maturities against a portfolio of assets with variable amounts and maturities. This structure includes two distinct periods: the revolving period, during which the subscribers of notes receive a series of cash flows by way of interest, while the principal repayments attributable to them are used by the vehicle to acquire new loans with analogous characteristics, in order to maintain a constant level of assets to support investors, and the amortisation period, during which the loan interest flows continue to be used for the payment of interest on the bonds and operating expenses; the principal attributable to investors is used to repay the notes.

The transaction took place through the non-recourse transfer to the SPV of variable, fixed, option and bullet commercial, unsecured and mortgage loans and loans with “greater guarantee” mortgage, belonging to the “performing” and unsubsidised category, held by sole proprietorships , companies or natural persons with professional activity or natural persons connected to companies , for an initial total of € 1,185,339 thousand (of which € 856,772 thousand of Cassa di Risparmio di Asti S.p.A. and € 328,567 thousand of Biverbanca S.p.A.). The loans were transferred at their carrying amount.

On 13 March 2020, Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. repurchased € 30,307 thousand in bad loans from the special purpose vehicle Asti Group PMI S.r.l.

Against the mortgages transferred, notes were issued for € 1,185,339 thousand, entirely repurchased by the originators Cassa di Risparmio di Asti S.p.A. and Biverbanca S.p.A. The amount was settled on 15/03/2017 through offsetting with the transferred loans. On the notes issued by the SPV, the established repayment plan has been determined on the basis of the amortisation of the transferred loans and the conditions set forth in the Offering Circular.

The general aim of the securitisation transactions is to diversify the sources of funds and/or funding pools.

The eighth securitisation is a “self-securitisation” transaction: the relative notes, issued and not sold to institutional investors, but directly repurchased by the multi-originator Banks, are financial instruments usable as collateral in refinancing transactions with the European Central Bank and provide the Banks with a liquidity reserve available for short-term ordinary operations and to handle temporary unexpected financial needs, which could arise from cash flow imbalances or the current situation in the financial markets.

Type of Note	*Rating* as at 31/12/2023 Moody's/DBRS	Rate	Date of issue	Expected maturity date	Total amount issued	Total amount repaid as at 31/12/2023	Total residual value as at 31/12/2023	Notes repurchased and owned by Banca di Asti as at 31/12/2023 (nominal value)
Class A	Aa3/AA	3M Euribor + 0.75%	15/03/2017	29/10/2082	700,000	0	700,000	700,000
Class B	no rating	3M Euribor + 1.50%	15/03/2017	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 December 2023 it amounted to € 79,822 thousand for Cassa di Risparmio di Asti S.p.A.

As at 31 December 2023, 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 € 1,093,906 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	60,884	interest expense on notes issued	46,670
bank interest income	3,073	servicing fee expense	1,145
other revenues	91	other expenses	235
		losses on loans	636
Total	**64,048**	**Total**	**48,686**

The valuation of the securitised loans at their estimated realisable value entailed the recognition of € 10,458 thousand in overall value adjustments on the principal.

Interest income on repurchased notes, amounting to € 46,670 thousand, was fully allocated against a reduction in interest expense on the notes issued.

INFORMATION RELATING TO THE MANU SECURITISATION TRANSACTION

On 26 February 2018, Pitagora S.p.A. entered into a new non-recourse monthly loan transfer agreement with the special purpose vehicle Manu SPV Srl, as part of a new securitisation transaction without derecognition, for a total maximum value of € 253 million, with a 24-month ramp-up period.

The transaction refers to the assignment of performing CQS/CQP exposures (consumer credit segment). The loans were transferred at par.

Overall, during 2023, loans amounting to a total of € 51,949,291.98 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.

The Senior Notes of the transaction provide a variable return to the investor of € 1 million to which a fixed spread of 0.95% is added. The Mezzanine Notes provide a fixed return of 3% while the Junior Notes receive any exceed spread.

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).

In June 2023, the ramp-up period of the transaction ended, therefore, no more incremental transfers are planned.

At the "payment date" of 27/06/2023, the outstanding value of the securities was as follows:

- Senior Notes: € 281,368,021.44
- Mezzanine Notes: € 27,961,635.66
- Junior Notes: € 31,476,840.14.

In December 2023 (18/12/2023), a further contractual amendment was signed for the activation of a SWAP to hedge the interest rate risk of the Senior Notes.

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, non 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 2023, 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.

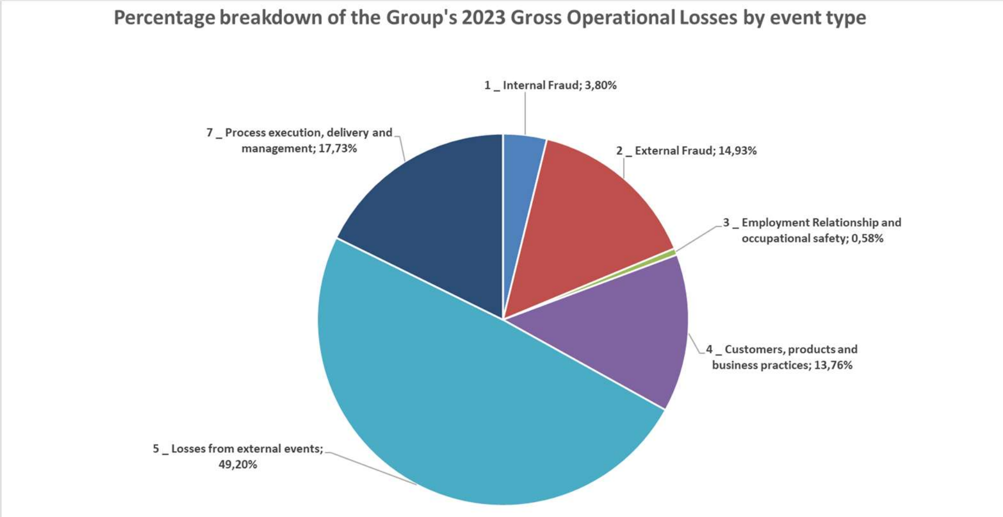
QUANTITATIVE INFORMATION

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 non-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 2023, 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 2023.



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 Service

The activities carried out in the year 2023 by the Prevention and Protection Service in conjunction with the Technical Office and with the assistance of the ESG and Sustainability Office, focused on continuing the activities aimed at adopting information, organisational, prevention and protection measures to ensure protection.

During the year, inspections were carried out in the offices of the Asti and Biella Head Offices and in 33 branches: Abbiategrasso, Andezeno, Aosta, Borgo D'Ale, Bra, Bresso, Buccinasco, Busto Arsizio, Buttigliera D'Asti, Castagnito, Castelletto Sopra Ticino, Castelnuovo Don Bosco, Cavaglià, Cesano Boscone, Chieri, Cigliano, Courmayeur, Crescentino, Dogliani, Fossano, Gaglianico, Gallarate, Grinzane, Legnano, Milan, Monza, Motta di Costigliole, Riva Presso Chieri, Saint Vincent, Sandigliano, Sesto San Giovanni, Trecate, Villanova D'Asti. All the inspections were attended by the Company Physician (MC - Medico Competente), one or more of the Workers' Safety Representatives (RLS - Rappresentanti dei Lavoratori per la Sicurezza), the staff of the company ELA S.r.l., the Prevention and Protection Service (SPP - Servizio di Prevenzione e Protezione) and the staff of the Technical Office of the Bank, in order to make monitoring as complete and effective as possible.

The Prevention and Protection Service, after carrying out the inspections, has prepared the minutes of the inspection reports and updated the related Risk Assessment Documents (DVR).

All the inspections were attended by the Company Physician, one or more of the Workers' Safety Representatives, the staff of the company ELA S.r.l., staff in charge for the Prevention and Protection Service and the staff of the Technical Office of

Cassa di Risparmio di Asti, in order to make monitoring as complete and effective as possible.

In the second half of the year, the activity of the Prevention and Protection Service was mainly focused on the implementation of what was necessary in order to develop the "Management System for Health and Safety in the Workplace", for the reconfirmation of the UNI ISO 45001:2018 Certification, obtained in December 2022, and the attainment of the UNI EN ISO 14001.2015 Certification as "Environmental Management System Certification".

From 1 January 2023 to date, no robberies or attempted robberies have been recorded, while 4 attempted thefts (Castagnito, Grazzano Badoglio, Monale, Valleversa) and 1 theft suffered (Robella) have occurred.

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

EVENT	2019	2020	2021	2022	2023
Robberies	2	0	1	0	0
Attempted robberies	1	1	0	4	0
Thefts	2	1	0	0	1
Attempted thefts	2	9	5	7	4

During 2023, ten accidents involving personnel were recorded, of which eight identified as "commuting" accidents on the home-work journey, and two attributable to accidental falls.

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 accidents occurred within the operational units (accidental falls), the investigations verified that they were not associated with or attributable to structural deficiencies or inadequate 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 2023 are reported below, showing a total of 4,588 hours of training, broken down as follows:

TITLE OF TRAINING ACTIVITIES	NO. OF PARTICIPANTS	TOTAL HOURS PROVIDED
UPDATING COURSE FOR ASPP – RSPP	2	16
REFRESHER COURSE FOR RLS	10	80
LOW RISK FIRE FIGHTING TRAINING: QUALIFICATION	109	580
LOW RISK FIRE FIGHTING TRAINING: UPDATE	106	212
MEDIUM RISK FIRE FIGHTING TRAINING: QUALIFICATION	18	149
MEDIUM RISK FIRE FIGHTING TRAINING: UPDATE	20	100
FIRST AID – QUALIFICATION	62	806
FIRST AID – UPDATE	127	584
FIRST AID – QUALIFICATION UPDATE FOR THE USE OF AED	4	8
PREVENTION MEASURES FOR THE RISK OF ROBBERY – NETWORK PERSONNEL UPDATE	163	366
PREVENTION MEASURES FOR THE RISK OF ROBBERY - NEWLY RECRUITED TRAINEES	35	140
PREVENTION MEASURES FOR THE RISK OF ROBBERY - NEWLY RECRUITED EMPLOYEES	63	158
MANAGERS TRAINING - SAFETY IN THE BANK: STRATEGIES AND RESPONSIBILITIES	121	879
HEALTH AND SAFETY AT WORK - LOW RISK SPECIFIC TRAINING (FAD - FORMAZIONE A DISTANZA - REMOTE LEARNING)	58	232
HEALTH AND SAFETY AT WORK - LEGISLATION (FAD)	72	144
SAFETY LEGISLATION AND ORGANISATION	1	8
NEW ACTIVITIES, NEW WORKING PROCESSES AND NEW RISKS IN THE BANKING SECTOR	1	8
RISKS, ITALIAN MINISTERIAL DECREES OF SEPTEMBER 2021, INAIL (NATIONAL INSTITUTE FOR THE PREVENTION OF ACCIDENTS AT WORK) REPORTS	1	8
INTEGRATED MANAGEMENT SYSTEM AND RELATED REGULATIONS	8	96
PROPER WASTE MANAGEMENT GUIDELINES OF THE MANAGEMENT SYSTEM FOR HEALTH, SAFETY AND ENVIRONMENT IN THE WORKPLACE	14 14	7 7
Overall Total	**1,009**	**4,588**

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 Article 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).

In 2023, the Supervisory Board continued the in-depth study and review, through the analysis of the periodic reports that the Heads of the various Corporate Functions are required to submit pursuant to the Regulation on Information Flows, of the organisational safeguards for the prevention of offences relating to the areas falling within the scope of the legislation. 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 Bank 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.

In 2023, with a view to continuous alignment with current provisions on the Processing of Personal Data and with industry best practices, the implementation of *Data Protection Impact Assessment* (DPIA) forms was completed for all processing operations for which, in accordance with the Article 29 of Group's Guidelines on Data Protection Impact Assessment, it was necessary or even only recommended to prepare the assessment; implementation of the Data Processing Register and staff training also continued.

Personal data processing is carried out 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 Bank personnel continued.

In 2023, no computer or other incidents were reported to the Privacy Function that had exposed the Bank's customers' personal data to a possible Data Breach.

PART F
INFORMATION
ON CONSOLIDATED
SHAREHOLDERS' EQUITY

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 € 1,116,207 as at 31 December 2023, inclusive of profit for the year. The shareholders' equity values relating to Other companies refer to the special purpose securitisation vehicles and the investment in Edera S.r.l. and Fa.Ro. S.r.l. by Pitagora S.p.A., valued within the scope of consolidation using the shareholders' equity method.
The Group's total Own Funds, which under the previous regulations constituted Regulatory Capital, amounted to € 1,028,144 thousand.

B.1 CONSOLIDATED SHAREHOLDERS' EQUITY: BREAKDOWN BY TYPE OF BUSINESS Items of shareholders' equity	Prudential consolidation	Insurance companies	Other companies	Consolidation adjustments and eliminations	Total
1. Share capital	381,451	0	70	0	381,521
2. Share Premium Reserve	339,370	0	0	0	339,370
3. Reserves	269,229	0	-76	0	269,153
4. Equity instruments	97,567	0	0	0	97,567
5. (Treasury shares)	-13,137	0	0	0	-13,137
6. Valuation reserves:	-37,306	0	0	0	-37,306
- Equity instruments designated at fair value through other comprehensive income	13	0	0	0	13
- 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	-32,906	0	0	0	-32,906
- 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	-3,413	0	0	0	-3,413
- 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)	55	0	0	0	55
- Actuarial gains (losses) on defined benefit pension plans	-1,055	0	0	0	-1,055
- 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	79,039	0	0	0	79,039
Shareholders' equity	**1,116,213**	0	**-6**	0	**1,116,207**

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	25,024	58,783	0	0	0	0	0	0	25,024	58,783
2. Equity instruments	18	5	0	0	0	0	0	0	18	5
3. Loans	853	0	0	0	0	0	0	0	853	0
Total 2023	**25,895**	**58,788**	**0**	**0**	**0**	**0**	**0**	**0**	**25,895**	**58,788**

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	**25,024**	**25,024**	**0**
of which: debt securities of EU countries	25,024	25,024	0
of which: other debt securities	0	0	0
Negative reserve	**58,783**	**51,827**	**6,956**
of which: debt securities of EU countries	58,783	51,827	6,956
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	**-57,695**	**-12**	**1,477**
2. Positive changes	**25,024**	**25**	**127**
2.1 Fair value increases	24,995	25	127
2.2 Value adjustments for credit risk	29	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	**1,088**	**0**	**751**
3.1 Fair value decreases	980	0	751
3.2 Recoveries for credit risk	108	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	0
4. Closing balance	**-33,759**	**13**	**853**

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	**(616)**	**0**	**-154**
2. Positive changes	**193**	**0**	**1**
2.1 Actuarial gains	193	0	1
2.2 Other changes	0	0	0
3. Negative changes	**479**	**0**	**0**
3.1 Actuarial losses	1	0	0
3.2 Other changes	478	0	0
4. Closing balance	**(902)**	**0**	**(153)**

As set forth in the 8th 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 2023.

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 2023 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

	4,655
a) short-term benefits for employees and directors	3,788
b) post-employment benefits	197
c) other long-term benefits	346
d) termination indemnities	0
e) share-based payments	0
other compensation	324

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.

The related party transactions in 2023 are shown below:

	ASSETS	LIABILITIES	SHARES	UNSECURED LOANS	CREDIT LINE MARGINS	INTEREST INCOME AND FEES AND COMMISSION INCOME	INTEREST EXPENSE AND FEES AND COMMISSION EXPENSE	DIVIDENDS	OTHER INCOME	OTHER ADMINISTRATIVE EXPENSES
Fondazione Cassa di Risparmio di Asti (a)	0	12.540	115.728	0	0	0	381	4.486	99	0
Subsidiaries (a)	0	0	0	0	0	0	0	0	0	0
Companies exercising Significant Influence (a)	223	1.804	46.972	0	0	12	0	1.821	0	3
Officers (d)	644	3.011	129	0	175	34	92	5	0	4.625
Other Related Parties (e, f)	20.188	16.899	211	3.959	12.941	2.910	316	8	46	3.109
TOTAL	**21.055**	**34.254**	**163.040**	**3.959**	**13.116**	**2.956**	**789**	**6.320**	**145**	**7.737**

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	2023	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA - WE FINANCE SPA)
ASSETS					
Cash	646,993	62,782	583,465	0	746
Financial assets	1,095,462	0	1,095,462	0	0
Financial assets measured at amortised cost	9,656,832	6,218,628	2,270,431	3,275	1,164,498
- Loans and advances to banks	*192,294*	*0*	*189,260*	*1,475*	*1,559*
- Loans and advances to customers	*7,423,974*	*6,218,628*	*40,607*	*1,800*	*1,162,939*
- Other assets measured at amortised cost	*2,040,564*	*0*	*2,040,564*	*0*	*0*
Hedging derivatives	18,312	0	18,312	0	0
Equity investments	195	0	0	0	195

SEGMENT RESULTS - BALANCE SHEET FIGURES - LIABILITIES	2023	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA - WE FINANCE SPA)
LIABILITIES					
Deposits from banks	765,196	0	750,010	0	15,186
Financial liabilities held for trading	1,974	34	1,940	0	0
Direct funding	10,398,412	8,942,642	1,107,466	16,676	331,627
- Deposits from customers	*9,209,382*	*7,753,613*	*1,107,466*	*16,676*	*331,627*
- Debt securities in issue	*1,176,262*	*1,176,262*	*0*	*0*	*0*
- Financial liabilities measured at fair value	*12,768*	*12,768*	*0*	*0*	*0*
Hedging derivatives	112,954	5,159	107,795	0	0

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

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

DISTRIBUTION BY OPERATING SEGMENT - INCOME STATEMENT FIGURES						
SEGMENT RESULTS - INCOME STATEMENT FIGURES		2023	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA - WE FINANCE SPA)
+	Net banking income (1)	376,862	321,445	19,265	2,366	33,786
-	Operating costs (2)	-273,483	-143,470	-5,027	-96,457	-28,529
=	Gross operating profit	103,379	177,975	14,238	-94,091	5,258
+/-	Net allocations to provisions for risks and charges	-3,556	-683	-1	-24	-2,848
+/-	Gains/(losses) on equity investments	0	0	0	0	0
+/-	Gains/(losses) on disposal of investments	57	0	0	57	0
=	**Profit/(loss) before tax from continuing operations**	**99,880**	**177,291**	**14,237**	**-94,058**	**2,411**

SEGMENT RESULTS - INCOME STATEMENT FIGURES		2022	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA - WE FINANCE 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 allocations to 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**

(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 2023 COMPARED WITH 2022		2023/ 2022	COMMERCIAL BANKING	*INVESTMENT BANKING*	*CORPORATE CENTRE*	SPECIALISED BANKING (PITAGORA SPA - WE FINANCE SPA)
+	Net banking income (1)	45,598	106,632	-49,998	467	-11,503
-	Operating costs (2)	-6,802	-6,509	-905	1,651	-1,039
=	Gross operating profit	38,796	100,123	-50,903	2,118	-12,542
+/-	Net allocations to provisions for risks and charges	8,791	2,183	23	310	6,275
+/-	Gains/(losses) on equity investments	0	0	0	0	0
+/-	Gains/(losses) on disposal of investments	-83	0	0	-83	0
=	**Profit/(loss) before tax from continuing operations**	**47,504**	**102,306**	**-50,880**	**2,345**	**-6,267**

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 2023	Total 2022
	Lease payments to be received	
Up to 1 year	1,928	1,990
1 to 2 years	1,802	1,772
2 to 3 years	1,552	1,466
3 to 4 years	1,326	1,239
4 to 5 years	804	1,022
Over 5 years	908	1,177
Total lease payments to be received	**8,320**	**8,666**

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 (Italian Law no. 262 of 28.12.2005, as amended), the fees paid pertaining to the financial year 2023 (net of expenses, VAT and CONSOB contribution) for auditing and control activities pursuant to Articles 14 and 16 of Italian Legislative Decree 39/2010 and for other services provided in the year 2023 by Deloitte & Touche S.p.A and companies belonging to its network, are summarised below.

Type of services	Description of the service	Provider of the service	Fees (€/thousand)
Auditing	Annual financial statements, half-yearly financial statements, accounting control	Deloitte & Touche S.p.A.	427
Other certification services (1)	Other certifications required by law	Deloitte & Touche S.p.A.	116
Other services	Services other than auditing	Deloitte Risk Advisory S.r.l. S.B.	13
Total			**556**

(1) Other certification services:

- consolidated financial statements translation services	5
- NFS compliance opinion	14
- Mifid 2 report	53
- Milone securitisation and auditing activities	44

Disclosure on public grants pursuant to Article 1, paragraph 125 of Italian Law no. 124 of 4 August 2018 ("Annual Law for Market and Competition")

The provisions of Article 1, paragraph 125 of Italian 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 Article 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.

The table below shows the amounts collected during 2023 by the Group by way of subsidies, grants, paid assignments and, in any event, economic benefits of any type.

Receiving party	Disbursing party	Amounts collected (€/thousand)	Reason
Cassa di Risparmio di Asti S.p.A. Group	Fondo Banche Assicurazioni	396	Grants for personnel training
Total		**396**	

GRUPPO CASSA DI RISPARMIO DI ASTI

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS 2023

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39
OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Cassa di Risparmio di Asti S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Cassa di Risparmio di Asti Group (the "Group"), which comprise the balance sheet as at December 31, 2023, 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, including material accounting policy information.

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, 2023, 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, 2023 the net performing loans and advances to customers measured at amortised cost (stage 1 and stage 2) amount to Euro 7,167 million. As described in Part A – Accounting policies and in the paragraph entitled "Section 1 Credit risk" of Part E – Information on risks and relative hedging policies of the notes to the consolidated financial statements as at December 31, 2023, 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, 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, 2023.
Audit procedures performed	The procedures carried out, 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; • checking, on a sample of credit files, the accuracy of the classification of performing loans and advances to customers measured at amortized cost;

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- 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, 2023 the gross non-performing loans and advances to customers measured at amortised cost amount to Euro 333 million, the connected specific write-downs amount to Euro 158 million and the related net exposure amounts to Euro 175 million. The coverage ratio related to non-performing loans and advances to customers measured at amortized cost at December 31, 2023 is equal to 47.5%. 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 42 million with a coverage ratio of 65.3%, net unlikely to pay loans for Euro 98 million with a coverage ratio of 41.7% and net past-due loans for Euro 35 million with a coverage ratio of 20.6%. The notes to the consolidated financial statements - Part A - Accounting Policies show: • the classification rules of non-performing loans and advances to customers measured at 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. 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

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	were a key audit matter for the Group's consolidated financial statements as at December 31, 2023.
Audit procedures performed	The procedures carried out, 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, 2023 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 2023 of the above CGUs and the related economic-financial projections 2024-2028 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, 2023.

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Audit procedures performed	The procedures carried out, also using the support of the Deloitte network specialists, have included, among the others, the following: • obtaining an understanding of the process, the method and assumptions adopted by the Bank to carry out the impairment test; • critical and reasonableness analysis of the main parameters and the main assumptions adopted to determine the economic-financial projections and understand the main elements underlying their elaboration by obtaining information from the Bank; • checking the logical and mathematical accuracy of the model used; • reviewing the sensitivity analyses of the outcomes performed by the Bank based on the changes in the main parameters used in the carrying out of *impairment test;* • checking the adequacy and compliance of the disclosures provided in the notes to the consolidated financial statements in accordance with the regulatory framework and the applicable accounting standards.

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.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- 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.

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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.

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, 2023, 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, 2023, 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, 2023, 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.

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Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Cassa di Risparmio di Asti S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Daniela Diana
Partner

Turin, Italy
April 12, 2024

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	31.12.2023	31.12.2022
Cash and cash equivalents		646,993	1,614,941
	Item 10 - Cash and cash equivalents	*646,993*	*1,614,941*
Financial assets (other than loans)		1,022,851	1,179,310
	Item 20 - Financial assets measured at fair value through profit or loss	*108,501*	*98,968*
	- 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	*1,050,666*	*1,216,658*
	- Item 30 c) (partial) - Financial assets measured at fair value through other comprehensive income	*-85,165*	*-85,165*
Financial assets measured at amortised cost		9,729,443	10,379,320
	Item 40 a) - Loans and advances to banks	*192,292*	*85,837*
	Item 40 b) - Loans and advances to customers	*9,400,835*	*10,157,167*
	+ 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 and advances to customers	*-2,040,564*	*-2,663,444*
	Item 40 b) (partial) - Loans and advances to customers - other financial assets measured at amortised cost	*2,040,564*	*2,663,444*
Hedging derivatives		18,312	176,574
	Item 80 - Hedging derivatives	*18,312*	*176,574*
Equity investments		195	86
	Item 70 - Equity investments	*195*	*86*
Property, plant and equipment and intangible assets		292,292	290,811
	Item 80 - Property, plant and equipment	*208,535*	*203,666*
	Item 90 - Intangible assets	*83,757*	*87,145*
Tax assets		219,833	251,976
	Item 100 - Tax assets	*219,833*	*251,976*
Non-current assets held for sale and discontinued operations		2,375	3,987
	Item 120 - Non-current assets held for sale and discontinued operations	*2,375*	*3,987*
Other assets		781,781	778,105
	Item 130 - Other assets	*781,781*	*778,105*
Total assets		**12,714,075**	**14,675,110**

Reclassified balance sheet items - Liabilities	Statutory balance sheet items - Liabilities	31.12.2023	31.12.2022
Deposits from banks		765,196	2,962,473
	Item 10 a) - Deposits from banks	*765,196*	*2,962,473*
Financial liabilities held for trading		1,974	2,131
	Item 20 - Financial liabilities held for trading	*1,974*	*2,131*
Direct funding		10,398,412	10,316,831
	Item 10 b) - Deposits from customers	*9,209,382*	*9,115,721*
	Item 10 c) - Debt securities issued	*1,176,262*	*1,161,343*
	Item 30 - Liabilities designated at fair value	*12,768*	*39,767*
Hedging derivatives		112,954	7,785
	Item 40 - Hedging derivatives	*112,954*	*7,785*
Tax liabilities		121	804
	Item 60 -Tax liabilities	*121*	*804*
Other liabilities		273,117	290,146
	Item 80 - Other liabilities	*273,117*	*290,146*
Provisions for risks and charges		46,094	57,521
	Item 90 - Provision for employee severance pay	*13,656*	*14,116*
	Item 100 - Provisions for risks and charges	*32,438*	*43,405*
Shareholders’ equity		1,116,207	1,037,419
	Item 120 - Valuation reserves	*-37,562*	*-60,301*
	Item 140 - Equity instruments	*97,567*	*97,567*
	Item 150 - Reserves	*261,065*	*246,901*
	Item 160 - Share premium reserve	*339,370*	*339,370*
	Item 170 - Share capital	*363,971*	*363,971*
	Item 180 - Treasury shares	*-13,137*	*-11,955*
	Item 190 - Minority shareholders’ interests	*24,540*	*26,274*
	Item 200 - Profit (Loss) for the year (+/-)	*80,393*	*35,592*
Total liabilities and shareholders' equity		**12,714,075**	**14,675,110**

RECONCILIATION BETWEEN THE RECLASSIFIED INCOME STATEMENT AND THE STATUTORY INCOME STATEMENT

Reclassified income statement items	Statutory income statement items	31/12/2023	31/12/2022
	Item 10 - Interest income and similar revenues	***503,764***	***293,184***
	Item 10 - Interest income and similar revenues	*503,978*	*293,975*
	+ Item 80 (partial) - Net profit (loss) from trading	*-214*	*-791*
	Item 20 - Interest expense and similar charges	***-232,352***	***-82,909***
	Item 20 - Interest expense and similar charges	*-232,352*	*-82,909*
Net interest margin		**271,412**	**210,275**
Net fees and commissions		**96,102**	**104,412**
	Item 40 - Fee and commission income	***174,987***	***169,887***
	Item 40 - Fee and commission income	*177,954*	*172,959*
	- Item 40 (partial) - Securitisation servicing	*-3,015*	*-3,124*
	+ Item 230 (partial) - Other operating income (fast-track facility fee income)	*48*	*52*
	Item 50 - Fee and commission expense	***-78,885***	***-65,475***
	Item 50 - Fee and commission expense	*-78,885*	*-65,475*
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 relating to financial assets		**65,671**	**106,099**
	Item 80 - Net profit (loss) from trading	***71,570***	***115,816***
	Item 80 - Net profit (loss) from trading	*71,356*	*115,025*
	- Item 80 (partial) - Net profit (loss) from trading	*214*	*791*
	Item 90 - Net profit (loss) from hedging	***1,652***	***4,183***
	Item 100 - Gains (losses) on disposal or repurchase of:	*2,395*	*-5,483*
	Item 100 a) - Gains (losses) on disposal or repurchase of financial assets measured at amortised cost	***667***	***5,072***
	Item 100 a) (partial) - Profit on bonds: AC	*1,363*	*737*
	Item 100 a) (partial) - Gains/losses on disposal of tax receivables	*-696*	*4,335*
	Item 100 b) Financial assets measured at fair value through other comprehensive income	***491***	***-11,843***
	Item 100 b) Financial assets measured at fair value through other comprehensive income	*491*	*-11,843*
	Item 100 c) Financial liabilities	***1,237***	***1,288***
	Item 130 - Net adjustments/recoveries for credit risk relating to:	*2,089*	*1,558*
	Item 130 b) Financial assets measured at fair value through other comprehensive income	***2,089***	***1,558***
	Item 110 - Net profit (loss) from other financial assets and liabilities measured at fair value through profit or loss	*-8,978*	*941*
	Item 110 a) Financial assets and liabilities designated at fair value	***123***	***2,024***
	Item 110 b) Other financial assets mandatorily measured at fair value	***-9,101***	***-1,083***
	Item 170 b) (partial) Other net provisions	***-3,057***	***-10,916***
Dividends and similar income		**10,335**	**10,417**
	Item 70 - Dividends and similar income	*10,335*	*10,417*

Other operating expenses/income		**41,825**	**4,819**
	Item 230 - Other operating expenses/income	*67,840*	*29,655*
	- Item 230 (partial) - Other operating expenses (amortisation of expenses on leasehold assets)	*1,022*	*981*
	- Item 230 (partial) - Other operating income (recoveries of expenses)	*-27,182*	*-25,879*
	- Item 230 (partial) - Other operating expenses (maintenance of civil buildings)	*193*	*114*
	- Item 230 (partial) - Other operating income (fast-track facility fee income)	*-48*	*-52*
Gross banking income		**485,345**	**436,022**
Gains (losses) on disposal of financial assets measured at amortised cost		**-41,896**	**-59,213**
	Item 100 a) - Gains (losses) on disposal or repurchase of financial assets measured at amortised cost	*-41,229*	*-54,141*
	- Item 100 a) (partial) - Profit on bonds: AC	*-1,363*	*-737*
	- Item 100 a) (partial) - Gains/losses on disposal of tax receivables	*696*	*-4,335*
Net adjustments for credit risk to financial assets measured at amortised cost		**-66,278**	**-45,401**
	Item 130 a) Financial assets measured at amortised cost	*-66,278*	*-45,401*
Profits/losses from contractual changes without derecognition		**-309**	**-144**
	Item 140 - Profits/losses from contractual changes without derecognition	*-309*	*-144*
Net banking income		**376,862**	**331,264**
Operating costs		**-273,483**	**-267,681**
Personnel expenses		**-140,468**	**-142,841**
	Item 190 a) - Personnel expenses	*-142,980*	*-145,219*
	+ Item 190 b) (partial) - Other administrative expenses (directors and statutory auditors)	*2,512*	*2,378*
Other administrative expenses		**-108,685**	**-100,329**
	Item 190 b) - Other administrative expenses	*-136,177*	*-126,840*
	+ Item 200 (partial) - Other operating income (recoveries of expenses)	*27,182*	*25,879*
	+ Item 200 (partial) - Other operating expenses (maintenance of civil buildings)	*-193*	*-114*
	- Item 160 b) (partial) - Other administrative expenses (directors and statutory auditors)	*-2,512*	*-2,378*
	+ Item 40 (partial) - Securitisation servicing	*3,015*	*3,124*
Net adjustments to property, plant and equipment/intangible assets		**-24,330**	**-24,511**
	Item 210 - Net adjustments to/recoveries on property, plant and equipment	*-15,863*	*-15,839*
	Item 220 - Net adjustments to/recoveries on intangible assets	*-7,445*	*-7,691*
	+ Item 200 (partial) - Other operating expenses (amortisation of expenses on leasehold assets)	*-1,022*	*-981*
Gross operating profit		**103,379**	**63,583**
Net allocations to provisions for risks and charges		**-3,556**	**-12,347**
	Item 200 - Net allocations to provisions for risks and charges	*-6,613*	*-23,263*
	- Item 200 b) (partial) - Other net provisions	*3,057*	*10,916*
Other non-recurring income/charges		**57**	**140**
	Item 280 - Gains (losses) on disposal of investments	*57*	*140*
Profit before tax from continuing operations		**99,880**	**51,376**
Taxes		**-20,841**	**-15,183**
	Item 300 - Tax expense (recovery) on income from continuing operations	*-20,841*	*-15,183*
Profit from continuing operations		**79,039**	**36,193**
Profit for the year		**79,039**	**36,193**

Country-by-country reporting

Country-by-country reporting (CRD IV) as at 31 December 2023
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 the company and nature of business

As at 31 December 2023, 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 209 branches, of which 176 in Piedmont, 23 in Lombardy, 5 in Veneto, 3 in Valle d'Aosta and 2 in Liguria, 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 86 branches throughout the country.

Turnover

As at 31 December 2023, the turnover amounted to € 405,559 thousand, all earned in Italy.

Number of full-time equivalent employees

As at 31 December 2023, there were 1,783 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, 203 with Pitagora S.p.A. and 15 with We Finance S.p.A.

Profit before tax

As at 31 December 2023 the profit (loss) before tax from continuing operations amounted to € 99,880 thousand. There are no components regarding discontinued operations.

Income taxes

As at 31 December 2023, the item 'income taxes for the year' showed a negative balance of € 20,841 thousand.

Government grants received from Fondo Banche Assicurazioni

During 2023, the Group received grants for carrying out personnel training for a total of € 396 thousand.

In this regard, note that, in compliance with the provisions set out for preparing the disclosure in question, this category of contributions excludes transactions conducted with central banks for the purpose of financial stability and transactions performed with the objective of facilitating the transmission mechanism of monetary policy.