140 BANCA CAMBIANO
1884 - 2024 ANNIVERSARY

Gruppo Bancario Cambiano
Yearly Financial Statements for 2023

Banca Cambiano 1884 S.p.A.
Registered Head Offices and General Management: Viale Antonio Gramsci, 34 - 50132 Florence
Administrative Head Offices: Via Piave, 14 - 50051 Castelfiorentino (Fi)
Registered in the Bank of Italy Register of Banks at n. 5667
ABI code 08425
Share capital € 252,799,999.60 fully paid-in
Registration number in the Company Register of Florence, fiscal code and VAT code: 02599341209
LEI code: 8156007395B20763EB44
Parent Company of the Gruppo Bancario Cambiano
Registered at n. 238 in the Register of Banking Groups
Member of the Interbank Deposit Protection Fund and the Italian National Guaranty Fund

On the front cover: Florence, Villa Fagan, Bank head offices, first-floor veranda, detail of the cotto floor, April 2024, credits P.D.
On the back cover: Florence, Villa Fagan, Bank head offices, fireplace in the front hall, detail at sunset, November 2023, credits P.D.

INDEX

CORPORATE AND SUPERVISORY OFFICES

Board of Directors	
Chairman	Paolo Regini (3)
Vice Chairman	Enzo Anselmi (1)
Director	Mauro Bagni (1)
Director	Fausto Falorni
Director	Sara Lombardi (2) (3)
Director	Giuseppe Salvi (1)
Director	Francesca Vignolini (2) (4)
(1) Member of the Executive Committee (2) Independent Member (3) Member of the Risk Committee (4) Chairman of the Risk Committee	
Board of Statutory Auditors	
Chairman	Gaetano De Gregorio
Acting Member	Riccardo Passeri
Acting Member	Manuela Sodini
Alternate Member	Luca Quercioli
Alternate Member	Enrico Terzani
General Managers	
Managing Director	Francesco Bosio
Vice Deputy Managing Director	Bruno Chiecchio
Vice Managing Director	Giuliano Simoncini
Independent Auditor	
	Deloitte & Touche S.p.A.

NOTICE OF SHAREHOLDERS' MEETING

Notice of Shareholders' Meeting published in the Official Gazette of the Republic of Italy of March 30 2024

30-3-2024 GAZZETTA UFFICIALE DELLA REPUBBLICA ITALIANA *Foglio delle inserzioni* - n. 38

BANCA CAMBIANO 1884 S.P.A.

Iscritta al n. 5667 dell'Albo delle Banche - Capogruppo del Gruppo Bancario Cambiano, iscritto al n. 238 dell'Albo dei Gruppi Bancari

Sede legale: viale Antonio Gramsci, 34 - 50132 Firenze (FI), Italia

Capitale sociale: € 252.799.999,60 interamente versato

Registro delle imprese: Firenze 02599341209

R.E.A.: Firenze 648868

Codice Fiscale: 02599341209

Partita IVA: 02599341209

Convocazione di assemblea ordinaria

I Signori Azionisti sono convocati in assemblea ordinaria in prima ed unica convocazione per il giorno 20 aprile 2024, ore 11:30, presso la sala convegni dell'Hotel Castelfalfi Resort, Località Castelfalfi – Montaione (Firenze), per discutere e deliberare sul seguente ordine del giorno:

1. Approvazione del Bilancio di esercizio al 31 dicembre 2023, previo esame della relazione del Consiglio di Amministrazione sulla gestione, della relazione del Collegio Sindacale e della relazione della Società di revisione legale. Destinazione dell'utile dell'esercizio 2023. Delibere inerenti e conseguenti;

2. Presentazione del bilancio consolidato del Gruppo Bancario Cambiano al 31 dicembre 2023 e della relazione della Società di revisione;

3. Nomina del Consigliere cooptato ai sensi del 1° comma dell'art. 2386 del Codice Civile. Deliberazioni inerenti e conseguenti;

4. Politiche di remunerazione ed incentivazione del Gruppo Bancario Cambiano:

(i) Relazione annuale sulle Politiche di remunerazione ed incentivazione dell'anno 2023;

(ii) Approvazione delle Politiche di remunerazione ed incentivazione per l'anno 2024.

Avvertenze

Si ricorda che:

a) ai sensi dell'art. 11 dello Statuto Sociale e del Regolamento Assembleare, il socio può farsi rappresentare da altro socio persona fisica che non sia amministratore, sindaco o dipendente della Società, mediante delega scritta, contenente il nome del rappresentante e nella quale la firma del delegante sia autenticata dal presidente, da consiglieri o dipendenti della Società a ciò delegati dal Consiglio di Amministrazione, da un notaio o da altro pubblico ufficiale autorizzato per legge; il Consiglio di Amministrazione ha delegato all'autentica della firma del delegante tutti i Componenti la Direzione Generale ed i Responsabili di Filiale; la delega di voto potrà essere conferita anche con documento informatico sottoscritto in forma elettronica ai sensi di quanto previsto dalla normativa vigente e notificata alla Società all'indirizzo di posta elettronica segreteria.societaria@bancacambiano.it. Ogni socio non può ricevere più di 15 deleghe;

b) i soci che non hanno le loro azioni in deposito presso la Banca ed intendono partecipare all'assemblea (anche ai fini degli adempimenti di cui al terzo comma dell'art. 2370 cod. civ.) devono, almeno due giorni prima della data fissata per l'assemblea, depositare presso la sede sociale il documento atto a dimostrare la legittimazione a partecipare ed a votare in assemblea; le azioni non possono essere ritirate prima della fine dell'assemblea.

Firenze, 20 marzo 2024

Il presidente del consiglio di amministrazione
Paolo Regini

TX24AAA3416 (A pagamento).

30-3-2024 **Official Gazette of the Republic of Italy** announcements sheet – n. 38

BANCA CAMBIANO 1884 S.p.A

Registered at n. 5667 of the Banking Registrar - Parent Company of the Gruppo Bancario Cambiano - Registered at n. 238 of the Register of Banking Groups

Registered offices: viale Antonio Gramsci, 34 –
50132 Florence (FI), Italy
Share capital: € 252,799,999.61 fully paid-in
Register of companies: Florence 02599341209
Administrative Economic Index (R.E.A.): Florence 648868
Fiscal code: 02599341209
VAT code: 02599341209

Notice of ordinary Shareholders' Meeting

The Shareholders are hereby given notice of an ordinary and extraordinary shareholders' meeting, to be held at first and only calling, on 20 April 2024 at 11:30 p.m. in the conference hall of the Castelfalfi Resort Montaione (Florence), to discuss and vote on the following agenda:

1. Approval of the Financial Statements at 31 December 2023, subsequent to review of the Report of the Board of Directors on management, of the Report of the Board of Statutory Auditors and of the Independent Auditors. Allocation of net profit for the 2023 fiscal year. Resolutions pertaining thereto and resulting there from;
2. Presentation of the Consolidated Financial Statements of Gruppo Bancario Cambiano at 31 December 2023 and of the Report of the Independent Auditors;
3. Appointment of the director co-opted pursuant to comma 1, article 2386 of the Italian Civil Code and resolutions pertaining thereto and resulting therefrom;
4. Remuneration and incentive policies of Gruppo Bancario Cambiano:
   - (i) Annual report on the remuneration policies and incentive policies for the 2023 fiscal year;
   - (ii) (ii) Adoption of remuneration policies and incentive policies for the year 2024;

Attention

Shareholders are reminded that:

a)in accordance with article 11 of the Articles of Incorporation and Regulations for Shareholders' Meetings, a shareholder may be represented by another shareholder who is a physical person, unless the latter is a director, statutory auditor or employee of the company, pursuant to a written proxy specifying the name of the representative and if the signature of the delegating shareholder has been authenticated by the chairman, , by members of the board or by a company employee authorised to do so by the Board of Directors, by a notary public or by any other public official authorised by law; the Board of Directors has given authorisation to authenticate the signatures of delegating shareholders to all of General Management and all Branch Managers; the proxy to vote may also be assigned by means of an IT document undersigned electronically, in accordance with current laws in force and notified to the Company at the email address info@bancacambiano.it; every shareholder may receive no more than 15 proxies;

b) Shareholders whose shares are not deposited at the bank and who wish to attend the shareholders' meeting (also for the purpose of the complying with the provisions of the third sub-section of article 2370 of the Italian Civil Code) are required to file a document that demonstrates eligibility to attend and vote at the meeting, at the company's registered office at least two days prior to the date set for the meeting; shares may not be withdrawn before the end of the shareholder's meeting.

Florence, 20 March 2024

The Chairman of the Board of Directors
Paolo Regini

TX24AAA3416(on payment).

Giuliano Ghelli, *"Porta dell'attesa"*, acrylic and pumice on canvas, 2008, Bank's collection

CONSOLIDATED FINANCIAL STATEMENTS

Gruppo Bancario Cambiano

REPORT ON CONSOLIDATED MANAGEMENT

Introduction

Considerations regarding the performance of the Gruppo Bancario Cambiano during the 2023 fiscal year as outlined here following.

For an illustration of the principle events that characterised the fiscal year closed at 31 December 2023, and the other sections required for the report on management of operations, please consult the information contained in the Report on management of the Individual Financial Statements of Banca Cambiano 1884 S.p.a., that constitutes the parent company and principle asset of the Gruppo Bancario, as well as the business structure within which the Governance and Control functions reside.

Economic scenario: local, national and international scenario

We are experiencing a phase of vast and rapid changes: where, for the global economy, 2020 was the lockdown year, 2021 was the year of re-opening, 2022 was the year of the energy crisis, 2023 is the year of monetary tightening.

Many of these changes are the result of external shocks to the economic framework, and of the policies adopted to face them. The pandemic and the war in the Ukraine have redefined the outline of the economic scenario, and modified the policy priorities, including those for future years.

What kind of a year will 2024 be?

The direction taken is that of disinflation, and the possible loosening of monetary policy. In Europe, it will also be the year of the return of Stability and Growth Pact regulations.

It will be a year marked by elections: the European elections in June will reveal to us the sentiment towards European institutions, while those in the United States at years' end will outline the orientation of international politics.

Broad general trends will depend on election outcomes: in terms of economics, the current trend is one of deglobalisation, in favour of a greater independence of the various areas. The priority is no longer focused on short-term and production costs, but is shifting towards strategic independence.

Governments have now incorporated the obligations of financial sustainability into their strategies, and are starting to also incorporate those related to environmental sustainability; a great deal still needs to be done as regards social sustainability.

In terms of the current economic situation, the 2023 economic situation has held up mostly due to the fact that some adverse factors, that weighed globally on supply conditions in the previous period, have somewhat ebbed away. If this trend continues, in 2024 the economic scenario should fully recover the functioning of international supply chains, with the full availability of intermediary and semi-finished products. Obstacles to production should gradually lessen also in terms of labour supply, as the path to normalising the behaviours of the post-Covid period reaches completion.

Ultimately, the current trends should mark the end of the inflationary tension stage.

Nevertheless, the situation does not lack risk factors and, once again, the difficulties arise from the political scenario. During the last weeks, uncertainties have moved to the Middle East, clearly creating greater risks for the fuel oil market, even though for the moment prices have not have not suffered repercussions. Difficulties with naval traffic in the Suez Canal give rise to concerns, as they could translate into a new increase in the cost of merchandise shipments, and lengthen delivery times for exchanges between Europe and Asian countries.

Given the general trend of a loosening of tensions on prices, 2024 will be a year of reduced interest rates. Markets are witnessing a rather marked decrease in rates during the year. On the other hand, central banks have recently expressed the intention of wanting to wait for additional confirmation regarding the drop of inflation, before modifying their policies. Strictly speaking, the monetary policy should change sign in the Eurozone first, where the weight of the supply factors on price dynamics has been greater. However, the ECB will probably once again wait for the FED to make a move, and European monetary policy will remain restrictive for this year as well.

The economies of the Eurozone already come from a less positive stage with respect to other areas, given that the war in the Ukraine has caused an energy crisis that has been for the most part limited to European countries. A brake on global demands, problems with supply chains, and an increase in the exchange rate of the Euro with emerging economies, have had a negative impact on European industry, with particularly evident problems especially for the German economy, committed more than others to managing a rather costly decarbonisation process, due to its manufacturing specialisation, particularly in the automotive sector.

The economic framework for the 2024-25 two-year period witnesses a more gradual strengthening of the European situation, tied initially to the drop in inflation and a recovery of household purchasing power, and subsequently on the loosening of the monetary policy.

These trends are common to the various economies within the Eurozone. However, in Italy, the path will necessarily be more gradual, because the policy mix is more restrictive than in other countries.

In Italy, the budget policy is restrictive also because there will be a brusque end to the extraordinary aid to the construction industry, determined by the tax incentives of the “Superbonus” manoeuvre, which in recent years had overlapped with the credit availability for households and the resumption of public works.

On the other hand, costs for public financing of the Superbonus have continued to increase, and information regarding the final months of last year suggest that there was a strong thrust aimed at increasing the progress of worksites. In 2024, the reduction of this measure, combined with the generally not positive situation for the housing sector, due to higher interest rates, suggest the possibility of a recession of the construction sector, the entity of which would be mitigated by the progressive strengthening of public works, after the delays of recent years with respect to the Italian national recovery and resilience plan (Pnrr). The prospect for fiscal policy is a progressive reduction of the deficit: from a level that in 2022 was still equal to 8 percent of the GNP, the update of the Economic and Financial Document (Nadef) indicated the objective of a decrease below 3 percent in 2026. This undertaking is a huge challenge.

As regards the economic trend of the Region of Tuscany, where the Bank mainly operates, it must be noted that the Region’s economic growth trend slowed down during 2023. The gross internal product is above the level reached in in 2022 by 0.7 percent points, that is a decimal point higher than that recorded in the same period by the national GNP (+0.6%).

This is a result that reflects the scarce vivacity of internal and external demand, which Tuscany shares with the entire nation and – more in general – with the entire Eurozone. But the entire world economy has slowed down during 2023. The principle factors weighing on economies in this sense are the restrictive monetary policies, undertaken to combat inflation, persistent geopolitical tensions, and a severe drop in consumer and business faith.

During 2023, the drop in demands, combined with energy costs that continued to be too high, resulted in a drop in industrial production. Tuscany suffered the slowdown of the economic cycle more than the national average, especially due to the effect of the contraction recorded in the fashion industry, which is a typical specialty of our Region.

On an annual basis, considering the last monthly data for October with the eleven previous months, in Tuscany, the industrial production index registered a drop (-3.4%) that is greater than that of Italy as a whole (-2.5%). The decrease in economic activity seems to have reached its negative peak during the second quarter, and has subsequently slowed down.

A significant part of the not positive results of Italian and Regional industries in 2023 is connected to the drop in exports during the second and third quarters of the year. Considering aggregate foreign sales, Tuscany went from a growth trend of 8.9% in the first quarter to a variation of +1.6 percent points in the third. In terms of international sales, unlike overall industrial production, the regional economy still fared better than the Italian average (-4.4% in the third quarter), and the other principle exporting Regions. Overall, in the first three quarters of the year, Tuscan exports grew by 3.9%, while the national datum is negative: -2.0%.

The reduction in the export of merchandise suffered the slowdown in world demands, as well as the disappearance of some of the temporary favourable factors that have in the past supported foreign sales, among which the exchange rate between the Euro and the dollar, that weakened in 2022, and in part increased again in 2023. Finally, foreign sales have also been impacted by energy costs which, despite being adjusted downwards, still remain high compared to the past.

From a sectorial point of view, the situation is composite. On the positive side of the scale, considering the first three quarter as a whole, are exports in the pharmaceutical (+46%), metalwork (+32%), automotive (+12%), transport vehicles (+5%), precision electronics and mechanics (+2%) and jewellery (+2%) sectors. On the negative side are instead all those industries tied to fashion: shoes (-22%), knitwear (-13%), woven fabrics and textiles (-12%), leather and leather goods (-9%) and clothing (-7%).

Along with foreign exports, in 2023 our trade balance benefited from tourism. In Tuscany, the first 8 months of the year recorded a growth in the number of tourists (+5.3%), as compared to the same period in 2022, more than in other Regions: the national datum for Italy in fact stops at a growth of 4.6%. The overall flow, if broken down by visitor origin country, suggests that the true important recovery relates to the international component which, after 2020-2021, is rapidly returning to a volume of presences and, therefore, of tourist spending, that is for all intents and purposes similar to volumes recorded pre-pandemic.

Specifically, foreign tourists have increased by 14.7% in Tuscany, while in the rest of Italy the growth is more limited (10.9%).

Evolution and composition of the Group and of the consolidation area

The Parent Company, to which Bank of Italy refers for Supervisory purposes, carries out all policy, unitary management and coordination activities for subsidiaries, either directly or indirectly, and, in particular, issues regulations for Group companies as regards the fulfilment of Bank of Italy requirements, in the interest of the overall Group stability.

Within this framework, the strategic control of the various operational areas and management control aimed at maintaining the economic, financial and equity balance of each company and of the group as a whole is maintained, are of particular importance.

Banca Cambiano 1884 S.p.A., as Parent Company of the Gruppo Bancario Cambiano, registered in the respective registry at n. 238, is required to prepare the consolidated financial statements, based on the considerations set out below.

The Gruppo Bancario Cambiano is required to prepare the consolidated financial statements, in accordance with article 38, comma 1) of Italian Legislative Decree 136/2015, that sets forth the obligation to prepare consolidated financial statements on the part of "IFRS intermediaries that control a banking group, real estate brokering or financial group, and that are not, in turn, controlled by intermediaries required to prepare consolidated financial statements pursuant to this article".

The Group is controlled by Ente Cambiano Scpa, that is not, however, an IFRS intermediary (defined in article 1 of Italian Legislative Decree 136/2005 as "those subjects indicated in article 2, sub-section 1, letter c), of legislative decree n. 38 of 28 February 2005, and subsequent amendments") in that it does not fall under any of the categories of subjects provided for by said article: "c) Italian banks as per article 1 of the consolidated act of banking and credit laws, as per legislative decree n. 385 of 1 September 1993, and subsequent amendments; financial companies that are parent company to banking groups registered in the Register as per article 64 of legislative decree n. 385 of 1993; stock broking companies as per article 1, sub-section 1, letter e), of legislative decree n. 58 of 1998; asset management companies as per article 1, letter o), of legislative decree n. 58 of 1998; financial companies resister in the Register as per article 107 of legislative decree n. 385 of 1993; electronic money institutions as per title V-bis of legislative decree n. 385 of 1993". Ente Cambiano is, in fact, neither a bank, nor a parent financial company, nor a financial company registered as under article 107 of the Consolidated Banking Act (TUB), nor a stock broking company (SIM), nor an asset management company (SGR) nor an ELMI. As the exclusion provided for by letter c) does not apply, it follows that Banca Cambiano is the subject required to prepare the consolidated financial statements of the Gruppo Bancario Cambiano.

The 2023 fiscal year, saw the completion of the transaction for the transfer of control of Invest Italy SIM Spa to the company First Capital Spa, which therefore did not leave the perimeter of the Group. For greater details, please consult the information in the paragraph titled "Transactions and initiatives on equity investments".

The Gruppo Bancario Cambiano comprises the following companies:

Parent company:

1) Banca Cambiano 1884 S.p.A. - Florence

The company is the transferee of the "Banca di Credito Cooperativo di Cambiano (Castelfiorentino - Florence) Società Cooperativa per Azioni" banking company, within the scope of the process as per article 2, sub-section 3-bis, of Italian Law Decree n. 18 of 14 February 2016, converted with amendments into Law n. 49 of 8 April 2016. The transfer of the banking company, as per aforementioned sub-section 2) occurred pursuant to the combined provisions of article 58 of the "Consolidated Act on banking and credit laws" and article 2, sub-section 3-bis of Law-Decree n. 18 of 14 February 2016, converted with amendments into Law n. 49 of 8 April 2016.

Within the company, lie the governance competencies and control functions for the entire Group.

The share capital is € 252,799,999.60. The shareholders' equity is € 269,304,102, the balance sheet assets are € 4,809,335,315. Profit for the 2023 fiscal year was € 22,074,500.

Companies in the Group:

2) Cambiano Leasing S.p.A. - Empoli

The Parent Company holds 95% of the share capital, equal to € 10,000,000.

It has been a part of the Gruppo Bancario Cambiano since December 2017. During 2023, the company changed its corporate name from "Cabel Leasing S.p.A." to "Cambiano Leasing S.p.A."

Cambiano Leasing Spa carries out financial leasing activities for customers of the parent company Bank, and through agreements with networks of financial agents or with other banks. The shareholders' equity is € 23,708,985, the balance sheet assets are € 322,572,353, and profit for the 2023 fiscal year is equal to € 1,502,672.

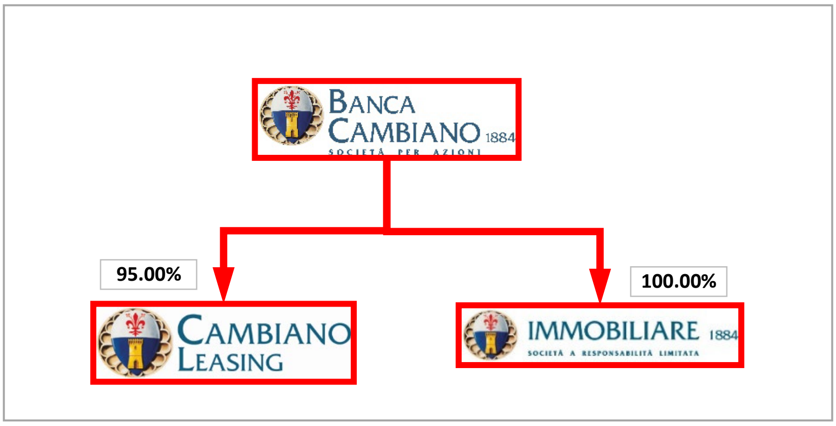
3) Immobiliare 1884 S.r.l. - Florence

The Parent Company holds the entire share capital, equal to 13,500,000 euro.

It has been a part of the Gruppo Bancario Cambiano since its incorporation, in November 2017.

Immobiliare 1884 Srl carries out real estate management activities for real estate property leased by the Parent Company or being restructured in view of being leased. The corporate purpose of the company is to build, restructure, buy and sell, lease and manage real estate property and assets, as well as to carry out any auxiliary and/or operational activity relating to the property and the area of accessory services, also for the purpose of managing non-performing loans backed by property collateral. The share capital is € 13.5 million, shareholders' equity is € 13,652,857, the balance sheet assets are € 30,403,208, and profit for the 2023 fiscal year is equal to € -267,365.

Below is a diagram of the composition of the Gruppo Bancario Cambiano:



Main summary data

The tables below show the main economic and equity summary data of the banking group, calculated based on the reclassified accounting schedules, prepared according to the methods illustrated in the sections relating to the notes on equity and economic data in the Report.

SUMMARY BALANCE SHEET AND INCOME STATEMENT DATA			
data in €/000			
SUMMARY INCOME STATEMENT DATA	**31/12/2023**	**31/12/2022**	**% Variation**
Interest income	91,070	81,587	11.62%
Net fees	31,051	32,061	-3.15%
Operating income	134,993	123,673	9.15%
Total operating costs	74,113	69,308	6.93%
of which personnel costs	33,723	32,366	4.19%
of which other administrative costs	33,230	29,842	11.35%
Net operating income	60,880	54,365	11.98%
Net result for the fiscal year	23,166	19,136	21.06%

SUMMARY BALANCE SHEET DATA	31/12/2023	31/12/2022	% Variation
Total assets	4,857,779	4,926,205	-1.39%
Total risk-weighted assets (RWA)	1,811,289	1,969,844	-8.05%
Receivables from customers (net)	3,079,729	3,303,949	-6.79%
of which non-performing loans	54,369	62,855	-13.50%
Total financial assets	994,592	1,132,310	-12.16%

SUMMARY BALANCE SHEET AND INCOME STATEMENT DATA			
Deposits	5,068,517	4,676,998	8.37%
of which direct deposits	3,507,155	3,360,563	4.36%
of which indirect deposits	1,561,363	1,316,434	18.61%
Statutory shareholders' equity	274,358	211,153	29.93%
Tier 1 capital (CET1)	228,439	206,731	10.50%
Total own funds	333,191	297,906	11.84%

STRUCTURAL DATA	31/12/2023	31/12/2022	Absolute variation
Employees (precise number)	437	436	1
Employees (average value)	428	428	0
Number of tellers	44	44	0

FINANCIAL AND ECONOMIC INDEXES			
PROFITABILITY INDEXES (%)	**31/12/2023**	**31/12/2022**	**% Variation**
Return on equity (ROE) (1)	9.30%	10.05%	-0.75%
Return on tangible equity (ROTE) (2)	9.44%	10.21%	-0.77%
Return on assets (ROA) (3)	0.48%	0.39%	0.09%
Financial income /Operating income	67.90%	66.46%	1.44%
Net fees/Operating income	23.00%	25.92%	-2.92%
Cost /Income (Operating costs/Operating income) (4)	54.90%	56.04%	-1.14%
STRUCTURAL INDEXES (%)			
Receivables from customers / Total assets	63.40%	67.07%	-3.67%
Receivables from customers / Direct deposits from customers	87.81%	98.32%	-10.50%
Financial assets / Total assets	20.47%	22.99%	-2.51%
Gross impaired receivables / Gross receivables from customers	8.23%	8.80%	-0.56%
Net impaired receivables / Net receivables from customers	5.40%	5.65%	-0.25%
DATA ON OPERATIONAL PRODUCTIVITY (€/1000)			
Receivables from customers / employees (average value)	7,196	7,720	-6.79%
Interest income / employees (average value)	213	191	11.62%
Net fees / employees (average value)	73	75	-3.15%
Operating income / employees (average value)	315	289	9.15%
Operating charges / employees (average value)	173	162	6.93%
CAPITAL RATIOS AND LIQUIDITY INDEXES			
CET1 ratio	12.61%	10.49%	2.12%
Tier 1 capital ratio	14.82%	12.02%	2.80%
Total capital ratio	18.40%	15.12%	3.27%

(1) The ROE is calculated as the ratio between net profit for the fiscal year and shareholders' equity without net profit.

(2) The ROTE is calculated as the ratio between net profit for the fiscal year and shareholders' equity, excluding from the latter the profit for the fiscal year and intangible assets.

(3) The ROA is calculated as the ratio between net profit for the fiscal year and total assets.

(4) Cost/Income is calculated based on the reclassified schedules of the income statement (ratio of Operating charges/Operating income). Calculated based on the balance sheet schedules provided for in Circular 262/2005 and subsequent updates by Bank of Italy , Cost/Income is equal to 60.82% (63.17% at 31 December 2022).

Significant events during 2023

RESPONSE TO THE INSPECTION REPORT

The results of the inspection audits by Bank of Italy, conducted from 18 May to 23 November 2022 were presented during the meeting of the Board of Directors held on 20 March 2023.

The inspection was closed with a partially unfavourable outcome, without the application of administrative measures. The results underlined the need for measures to strengthen capital assets, to support the development of the Bank's core business, and satisfy the regulatory capital buffers attributed to the Bank itself.

CAPITAL INCREASE

On 29 May 2023, exercising the power granted by the Shareholders' Meeting of 16 June 2020, the Bank's Board of Directors deliberated a capital increase by payment for overall € 20 million, without a share premium, through the issue of maximum n. 21,739,130 share with no nominal value, at a price of 0.92 euro, reserved for subscription by the company Edelweiss Srl.

On 26 June 2023, the company Edelweiss Srl subscribed n. 21,739,130 new shares at a price of € 0.92 for an overall value of € 19,999,999.60.

The deliberated share capital, subscribed and paid-in, is therefore equal to € 252,799,999.60 for a number of shares equal to 254,539,130.

WEB BRANCH START OF OPERATIONS – "CAMBIANONLINE"

During the month of May 2023, the Bank activated the "WEB Branch" channel dedicated to the management of customers acquired through the digital channel. Taking advantage of the occasion, the home banking interface graphics were also renewed, new functions were launched related to updating of personal information data and internet banking questionnaires (privacy, FATCA/CRS, KYC), a function was released for the sale of some Bank products through the "Cambiano Store", a new product placement function available through internet banking (customers can independently purchase bank accounts, international credit cards and time deposits).

SREP 2023

On 15 June 2023, the Supervisory Authority transmitted the Measure containing the "new" decision regarding capital in force from the Supervisory Notifications issued as at 30 June 2023.

The new mandatory requirements specified for prudential consolidation that includes Ente Cambiano specified by Bank of Italy are:

- CET 1 ratio: OCR CET1 ratio equal to 8.00% ;
- Tier 1 ratio: OCR T1 ratio equal to 9.90%;
- Total Capital ratio: composed of an OCR TC ratio equal to 12.30%.

The above requirements are already met as at the date of reference of these financial statements.

TRANSFER OF IN BONIS RECEIVALBES TO ILLIMITY BANK

On 28 June 2023, the Bank perfected the transaction for the transfer of in bonis receivables with the counterparty Illimity Bank, to which n. 288 loans were transferred, for a residual value at the date of transfer of approximately 45.3 million euro. This transaction was performed for the purpose of streamlining operations and reducing costs, to complete a subsequent securitisation transaction perfected in the second semester. This transfer falls within the scope of the Funding Plan and is consistent with the strategical lines adopted.

Securitisation transaction

Within the scope of the current Funding Plan, in September a securitisation transaction called "Pontormo SME 2023" was perfected, that transferred unsecured loans from a portfolio of receivables classified as "*in bonis*" pursuant to applicable supervisory regulations, backed by the guaranty issued by the Central Guaranty Fund for SMEs. The scope and the characteristics of the transaction is approximately € 131 million, subdivided over approximately one thousand loans, with an average coverage by the Fund of 83.87%. On transfer, the vehicle company issued two classes of asset-backed securities, in order to obtain the resources necessary to pay the Purchase Price: (i) a *senior* tranche of € 100 million and (ii) a *junior* tranche of € 20.5 million. The issued securities are not subject to rating by any rating agency and have not been listed on any regulated market or multilateral trading system. The Senior notes were undersigned wholly by BPM and produce interest at a floating interest rate increased by a 125 bps spread on the Euribor, while Junior notes were undersigned by Banca Cambiano and pay an additional return (so-called *variable return*) calculated according to the provisions contained in the Securitisation Document.

Placement of the Green Bond

In September 203, the placement of a first "Green Bond" was concluded, for an amount of 25 million euro. The sums collected are destined to fund transactions that meet "sustainability" requirements and are illustrated in the "Green Bond Report – Year 2023".

Placement of an AT1 perpetual debenture loan

In October 2023, an AT1 perpetual debenture loan was placed for € 10 million euro**.**

PPSM – Prevention and Protection Service Manager

As of 1st January 2024, the engineering company SE.AL. SRL was appointed in replacement of the previous contract.

Purchase of the business branch called "BCC FOR WEB"

On 5 June 2023, the Bank perfected the purchase transaction of the business branch called BCC For Web from Banca di Pisa e Fornacette, through which over 17 thousand customer contacts with development potential were purchased, generating a cash flow equal to about 174 million euro, in addition to indirect deposits for approximately 110 million euro.

The analysis of this transaction began at the end of 2021, almost alongside the project for activation of a Bank web channel for the sale of products, with the aim of optimising investments in this project. The transaction for the purchase of the business branch, in fact, has allowed the new digital distribution channel to start with an active volume of customers in terms of both number of relations and volumes, that can be developed particularly in terms of asset management, with a prospective for greater development right from the operational starting line.

The accounting details for the transaction, performed in application of the IFRS3 accounting principle, are illustrated in Part G – "Merger transactions regarding businesses or company branches" of the Explanatory Notes.

Eurovita-Kronos

During 2023, the company Eurovita was involved in a system operation aimed at safeguarding the underwriters of the company's policies. The company, which – especially considering the abrupt increase in interest rates and the "structure" of commitments towards policyholders – recorded a progressive deterioration of liquidity indexes and was subsequently the recipient of a provision for Extraordinary Administration and dissolution of the administrative and supervisory bodies of the company. Within the scope of this provision, (i) all requests for the surrender value of policies submitted during the period by company customers were suspended until 30 June 2023 – a deadline subsequently postponed to the end of October 2023 – with the intent of avoiding the further aggravation of the financial and economic imbalance of the company, and (ii) a comprehensive analysis was carried out at a system level, aimed at identifying a scheme to salvage operations, with the primary objective of guarantying that policyholder rights were fully safeguarded, and ordinary operations were restored for policies in force as quickly as possible.

In particular, on 30 June 2023, as requested by the Ministry of the Economy and Finance and the Ministry of Business and Made in Italy, as well as with the collaboration of the Eurovita Surveillance Committee and Special Commissioner, an agreement was reached – by means of the underwriting of non-binding term sheets – between parties such as the five leading Italian insurance companies, twenty-five distributing banks of Eurovita policies (among which Banca Cambiano 1884 S.p.A.) and some of the leading Italian banking institutions.

In extreme synthesis, such agreements provide for – one the one hand – the transfer, on payment of a symbolic amount, of the business branch constituted by the almost totality of Eurovita assets in favour of a "newco" company called Cronos Vita, the share capital of which is held by the companies Intesa Sanpaolo Vita, Generali Italia, Poste Vita and UnipolSai, each for 22.5% and by Allianz for the remaining 10%, against a dedicated capital increase, and – on the other hand – the transfer of credit lines in favour of Cronos Vita on the part of the financial institutions distributors of Eurovita policies (Banca Cambiano had distributed policies of the companies Skandia Vita Spa and Pramerica Life, subsequently incorporated by Eurovita) to meet potential surrender value requests for Branch I and V policies placed by each institution. It must be specified that Cronos Vita is a bridge-vehicle: on conclusion of the operation, indicatively at maximum within 18-24 months, the insurance portfolio of Eurovita will be, in fact, purchased by the aforementioned five insurance groups. Finally, the agreements that have been underwritten also provide for a specific framework of commissions, supplementary to the existing distribution agreements, that the distributing banks will pay to Cronos Vita for servicing activities, with the intention of safeguarding and reactivating commercial relations with the customers who have underwritten the policies.

On 28 September 2023, Cronos Vita filed an application with IVASS (*institute for insurance supervision*), for the authorisation to exercise insurance activities, which was, on completion of the required procedure, issued on 17 October 2023. On 31 October 2023, subsequent to the issue of the authorisation for the transfer of corporate assets from Eurovita to Cronos Vita on the part of IVASS, and to the stipulation of the definitive binding agreements, the transfer of the branch of business was perfected, along with the simultaneous increase in share capital underwritten by the companies, that represents the second and last tranche of an overall capital increase of 220 million euro, the economic-financial adequacy of which was backed by a specific opinion issued by an independent expert. On the basis of the undersigned contracts, and of the analysis of the commitments undertaken, there are no arising or consequent charges that burden the Group. Within the scope of the scheme that has been outlined, the overall involvement of Banca Cambiano is in the role of "distributor", through the concession of a loan at market conditions to Cronos Vita for an amount of approximately 31 million, granted against surrender value requests by customers during the months of November and December; the Bank will also be required to pay the fees provided for in the agreements.

Transfer of NPL receivables (non-performing loans and UTP)

In compliance with the requirements of the Strategic Plan for 2023-2025, approved by the Board of Directors on 14 April 2023, with the aim of reducing the incidence of impaired receivables on the total lending portfolio, during 2023 the Bank perfected the following transactions:

- 06/12/2023 marked the conclusion of the subscription transaction regarding shares in the alternative investment fund ("FIA") called "Fondo Persefone", established by P&G SGR S.p.A, for a counter-value of € 10.01 overall, through the contribution in kind of the right to receive the purchase price of €10.01 million from the transfer of a portfolio of receivables classified as "unlikely to pay" to the special purpose vehicle company Caleen SPV for a counter-value of € 15.30 million, and amortisation equal to € 3.88 million, resulting in a loss on disposal of € 1.72 million, booked at line item 100 a) "Gains (losses) on disposal or repurchase of financial assets measured at amortised cost" in the income statement ;
- 22/12/2023 marked the conclusion of the transaction for the transfer of receivables classified as non-performing, for a gross overall exposure of € 21.75 million, and n. 199 accounts belonging to 120 positions, amortised for € 14.08 million, transferred by the Bank to the vehicle company POPP-1 Srl belonging to the Gruppo Pam Spa, at a price of € 3.81 million, with a loss on disposal equal to € 3.79 million, booked at line item 100 a) "Gains (losses) on disposal or repurchase of financial assets measured at amortised cost" in the income statement.

Extraordinary tax

Article 26 of Law Decree n. 104 of 10 August 2023 – converted with amendments to Law 136 of 9 October 2023- introduced an extraordinary tax for the 2023 fiscal year, commensurate to the increase in the interest income of banks.

During the conversion process, the Law introduced the faculty, in lieu of payment of the tax, to allocate an amount, on approval of the 2023 balance sheet, not inferior to 2.5 times the amount of the tax itself, to a non-distributable reserve, that meets the conditions provided for by EU Regulation n. 575/2013 (CRR) for inclusion in primary Tier 1 Capital (so-called CET1 capital).

On the basis of the above, during the meeting held on 9 November 2023, the Board of Directors confirmed the intention to make use of the faculty provided for by Art. 26 (5 bis) of Law n. 136/2023, and to submit to the Shareholders' Meeting the creation of a non-distributable reserve in lieu of payment of the extraordinary tax by 30 June 2024.

Further details are provided in Section A of the Explanatory Notes of the Banks balance sheet for the period.

Cooperative Compliance: the "cooperative compliance" regime

The Bank, in so far as Parent Company, and considering the growth in size over the last year, and therefore of the greater fiscal to which it is exposed, initiated the procedures for adhesion to the Cooperative Compliance regime, provided for in Italy by the regulation on Cooperative Compliance that was introduced with Legislative Decree n. 128 of 5 August 2015, which has formally provided for the regime in question in Italian legislation.

ESG Project (Environmental, Social and Governance)

Climate and environmental risks are increasingly in the forefront of issues to be monitored effectively, *in primis* by financial intermediaries. The vastity of investments aimed at favouring the energy and ecological transition through serious decarbonisation policies regarding production cycles, has required, and is to date requiring, the active involvement of the credit industry, to both increase awareness of the associated risks, and ensure that nothing obstacles the objective of acquiring adequate resources to finance those economic activities that most contribute to the vision of a sustainable future.

The Gruppo Cambiano recognises that the integration of risks associated to environmental, social and governance factors (so-called « ESG risks» - *Environmental, Social, Governance*) in strategic processes and risk management systems is essential in terms of an ever greater understanding of the context of operation, a more aware and pondered assumption of risks, and a greater efficacy in responding to the needs of customers and of local communities.

Also in consideration of the growing attention focused by regulatory authorities and public opinion on such issues, the Group is progressively incorporating the assessment of risks associated to climate change and environmental, social and governance issues in the formulation and implementation of its credit, financial and investment policies, as well as in the services offered to customers, through an analysis of exposure towards the more vulnerable sectors, markets and counterparties, the comprehension of potential short and long-term impacts, and the identification and integration of these factors within the risk management processe.

Within the scope of activities conducted on issues associated to ESG factors, a special group (Sustainability Committee) is managing the executive and monitoring activities regarding compliance plans, in line with the Group's strategic guidelines on «sustainability».

The Plan of Initiatives, perfected in May 2023, represents the whole of the activities that have been planned for the development and implementation of a series of organisational, procedural and methodological solutions aimed at full compliance with the non-binding Supervisory provisions, over a multi-year period.

Below is a summary of the principle activities conducted by the Bank in 2023, subdivided into the following thematic areas, assessed by the supervisory authority.

A) Corporate context and strategy: Within its organisation, the Bank has identified a managing committee, called the Sustainability Committee, chaired by a board member and tasked with monitoring climate and environmental, social and governance risks. Among the main activities of the Committee are the coordination and supervision of the ESG Project in the Bank, and supporting the Board of Directors in exercising the strategic supervision functions on issues related to sustainability (ESG). In terms of internal policies, the Group policy regarding ESG issues and finance policies has been updated (own portfolio and customer portfolio). Furthermore, a review of credit policies is being prepared which, in line with European "sustainable finance" regulations and market trends, will define the approach and general principles for the formulation of credit granting and monitoring processes alert to ESG factors. In terms of strategy, the Bank has included specific sustainable credit products within its catalogue, aimed at aiding private individuals, professional figures and businesses who wish to invest in reducing their own «carbon footprint» for example, by installing renewable energy systems, purchasing ecological vehicles, or rendering their homes or places of work more energy efficient.

In April 2023, the Bank issued its first Senior Green Bond for an amount equal to 25 million euro. The issue of the Green Bond was governed by a Framework aligned with the Green Bond Principles. The decision to undertake this initiative derived not only from the economic and financial convenience, but also from the knowledge of having, within its customer portfolio, numerous virtuous businesses, attentive to the environment and the territory and to collective wellbeing. During the month of April 2024, the first impact report (Green Bond Report) will be published, providing an in-depth illustration of the characteristics of the financing that constitute the portfolio to which the income from the Green Bond has been allocated, the impact in terms of reducing the carbon footprint, and an in-depth look at some particularly virtuous projects.

B) Corporate governance, risk propensity, governance reporting and data: significant novelties were adopted during the last fiscal period in terms of the definition of risk propensity (*Risk Appetite Framework*). The ESG qualitative objectives were integrated, for the purpose of favouring more and new assessments of ESG risk levels to orient strategic choices, with the aim of limiting the impact of these factors on exposure to credit and investment, strategic, reputational and legal risks. In terms of the data management infrastructures and processes, the database of sustainability risks was further enriched by using specialised info-providers, laying the foundations to allow information technology systems to increasingly meet the need to systematically collect, process and aggregate the data required to assess exposure to ESG risks, acquiring information in an ordered manner through exchange channels, and placing it in special ICT environments, to be available for multiple processes and users. Also close to completion is a data dictionary that gathers all IT needs connected to the integration of ESG issues into corporate processes, to allow any user to comprehend the origin and granularity of the data available. As regards internal reporting, the Bank has equipped itself with a periodical reporting on the evolution of ESG risk levels, that is now a part of the reporting system to top management of the overall trend of bank risk levels, by means of which the Directors are regularly informed as to ESG risks – especially those related to the climate and the environment– that characterise the Bank's exposures and counterparties, by measuring metrics and conducting quantitative analyses on the incidence of these unique risk factors.

C) Risk management system: on this matter, the Bank is currently, systematically integrating sustainability risks within the company risk management system, seeing as said risks – with special focus on climate and environmental factors – are liable to impact the exposure to traditional prudential risks (in particular, credit, market, operational and liquidity risks). The methods available to quantify the risk exposure level, even forward-looking, grow day after day, increasingly incorporating ESG factors into the evaluation of the exposure to various risks and the monitoring thereof, by processing analyses of the type and degree of materiality of sustainability risks to which the bank and its portfolio are most vulnerable. In addition to, and as a development of the aforementioned ESG risk mapping and classification on a sector level (so-called «*Heat Map* ESG»), an internal method has been elaborated to create synthetic scores that are representative of ESG risk levels in terms of single counterparties. This scoring system, development primarily to measure individual vulnerability to climate and environmental risk factors, will allow estimating the potential financial impact associated to the exposure of credit counterparties first to transition and physical risks and subsequently to overall ESG risks. The monitoring of ESG risks associated to portfolios of exposure to credit risk and financial instrument investment risk is further supported by external tools and information services (e.g. non-proprietary ESG rating systems for the assessment of the risk level of the investments and financial assets in the portfolio) that are useful to ensure a systematic calculation of the degree of exposure by using tools, metrics and algorithms to measure risk levels that can feed into the internal monitoring and reporting systems. Climate and environmental risks in particular, based on the results of the analyses specifically conducted, will be incorporated into the next internal capital adequacy assessment processes (ICAAP) and internal liquidity adequacy assessment processes (ILAAP) through a specific impact quantification (for example, on the traditional risk parameters of the credit portfolio and guarantees) based on the application of forward-looking scenarios of climate transition and/or on hypotheses as to the severity of the effects of relevant physical risks.

The framework of reference for the measurement, control and monitoring or risks associated to climate-environmental, social and governance factors, and the related activities aimed at integrating them into the strategic processes and risk management systems, will be progressively completed and perfected according to the currently programmed compliance interventions, aimed at:

(i) Perfecting the processes and relevance surveys related to climate and environmental risks with respect to how likely they are to manifest themselves within the scope of traditional risk categories;
(ii) a greater integration of climate/environmental change objectives in the company business model through the estimation of performance indicators and targets;
(iii) enriching the risk propensity parameters, metrics and scenario-based analyses quantifying the impact of climate and environmental factors;
(iv) perfecting the methods and instruments used to assess and perfect technical-architectural solutions to collect and manage the ESG information database;
(v) an ever greater integration of climate and environmental assessments into credit policies and procedures (procedure for new loan grants, monitoring of sector and geographical concentration levels of the credit portfolio, assessment of guarantees backing loans, mitigation of loanee climate-environmental risks, etc.) as well as engineering IT, infrastructural and data management solutions to support this process.

D) Credit risk: supervisory guidelines require banks to proceed ever more resolutely towards the integration of ESG risks, and in particular risk factors associated to environmental and climate issues, into credit processes and the respective risk measurements. As regards the development of methods to analyse and measure the potential effects of these risks, the Bank has made significant progress. Said progress refers mainly to the definition of ESG quantitative scoring systems that are necessary to assess customers, also taking into consideration ESG risk factors that are relevant within the context of preliminary procedures underlying lending decisions. A first matrix tool (so-called «*Heat Map*»), developed internally, has provided a classification by sector of economic activities in terms of their respective ESG risk level, by attributing specific scores to risk brackets, which is useful, not only for the portfolio analysis, but also for the purpose of conducting the preliminary activities that determine the significance of ESG factors in terms of the exposure to credit and market risks. Currently, the model for the calculation of the new score is based on a combination of data acquired principally through external companies specialised in providing financial and sustainability data; to this end, the Bank and established collaborations with qualified ESG data info-providers to collect the necessary information base (precise information and/or adequate proxy information or estimations, lacking more reliable precise data). The methodology that has been perfected also entails the possibility of defining a more accurate scoring system, by having counterparties fill out specific questionnaires on the granting of a new loan, or on other possible contact occasions, to collect additional or more up-to-date ESG data with respect to that provided by the external providers. To this end, a first target of counterparty companies is about to be engaged, to directly collect sustainability information, also for the purpose of testing the tools and processes for ESG data collection that have been identified, and verifying the response times and methods of contacted businesses. The scoring of each counterparty will be progressively integrated in the decision-making processes, therefore redefining the escalation logic of the authorised organs/subjects, the respective delegated powers, and the lending pricing models to be applied to credit transactions with businesses.

Transactions and initiatives on equity investments

Transfer of Cabel IP S.p.A.

On 2 March 2023, pursuant to receiving the authorisation to proceed with the transaction by Bank of Italy, the transfer of the shareholding in Cabel IP Spa, equal to 25.48%, to the company Scalapay Limited, was perfected;

this transaction was deliberated in February/May 2022, accepting the offer received from Scalapay. The transaction was concluded with a profit of € 99,483

Transfer of shareholding in Invest Italy SIM S.p.A.

On 31 October 2023, the transaction for the transfer of the controlling shareholding in Invest Italy SIM Spa to the company First Capital Spa, a financial holding company specialised in Private Investments in Public Equity and Private Equity, was completed. After having received clearance for the transaction from Bank of Italy, the transaction entailed the transfer of 88.50% of Invest Italy SIM capital to First Capital Spa, implementing the agreements perfected in March 2023 between the Bank and First Capital.

The consideration for the transaction, equal to about € 1.1 million, was paid by exchange, with the transfer to the Bank of n. 46,310 First Capital treasury shares, valued € 23.0 each. The Bank is therefore a shareholder in First Capital with a 1.60% shareholding. This transaction had no impact on the income statement.

The Bank still holds 10% interest in Invest Italy SIM

Transfer of Gardena Capital LTD

On 24 May 2023, the Bank undersigned the contract for the transfer of the shareholding in Gardena Capital LTD – equal to 39% - to the company Kite Limited. The contract provides for the transfer of n. 273,000 shares, for a total amount of € 260 thousand, generating a profit of € 11 thousand, with negligible impact on the consolidated financial statements.

Cabel Industry S.p.A.

Company controlling interest was purchased by Quid Informatica Spa, following a three-way agreement with the Banca and Cabel Holding, which entailed two connected transactions:

- The transfer by Cabel Holding Spa of n. 2.014.286 shares in Cabel Industry to Quid Informatica;
- A capital increase of n. 2,014,286 shares, wholly subscribed by Quid Informatica, following waiver of the right of option by other Cabel Industry shareholders.

As better explained in the Explanatory Notes, the above transactions did not impact the income statement for the 2023 fiscal year.

Subsequent to these transactions, the share held by Banca Cambiano in Cabel Industry was reduced to 8.04% from the previous 11.49%. Simultaneously, the indirect shareholding, through interest held in Cabel Holding, was also reduced from 50.89% to 20.74%.

Finamca S.p.A. subscription of share capital increase

On 27 September 2023, the share capital increase of the company Finamca Spa was subscribed (shareholding held prior to the "way out" operation) relative to its share equal to 5.06%. This transaction entailed the issue of n. 200 thousand new shares, with a share capital increase from € 2 million to 2.2 million, with an impact of € 10,127. This transaction has no strategic relevance and the subscription was made to maintain the original percent of shareholding.

Partnership with Finanza e Previdenza

On 21 December 2023, the Bank purchased a 2% shareholding in the company Finanza e Previdenza Srl to develop a partnership for a "Bancassurance" project capable of generating a marked acceleration in the volumes and revenues generated by the Bank in this sector, in accordance with the objective of diversifying revenue sources.

Analysis of balance sheet line items

The principal line items of the balance sheet and income statement as at 31 December 2023 are illustrated following, in thousands of Euro, comparing them to the comparative data also provided.

For greater clarity in the illustration of the results for the fiscal year, the accounting schedules required for by Bank of Italy Circular 262/2005 are shown in the reclassified format ([1]). Specifically:

- Demand receivables from banking counterparties (included in line item 10 "Cash and cash equivalents" are reclassified in the line item "Loans a) receivables from banks";

[1] For further details on the method of exposure of the reclassified schedules, please refer to the Annex "Reconciliation between reclassified balance sheet and income statement schedules and balance sheet schedules".

- Debt securities measured at amortised cost (included in line item 40 “financial assets measured at amortised cost”) are reclassified in the line item “Financial assets”;
- Financial assets obligatorily measured at fair value (included in line item 20 c) “Financial assets measured at fair value with impact on the income statement – other assets obligatorily measured at fair value”) are reclassified in the line item “Loans”;
- Receivables for “Tax bonuses”, included in line item 120 “Other assets” are reclassified in the line items “Financial assets held for trading” and “Loans d) Other assets” on the basis of the business model adopted for management of the same;
- Payables to institutional counterparties (included in line item 10 “Financial liabilities measured at amortised cost b) payables to customers) were reclassified in the line item “Payables to banks and institution counterparties b) payable to institutional counterparties”);
- The line item “Other liabilities” includes line items 60 “Tax liabilities” and 80 “Other liabilities”;
- The line item “Liability reserves” includes line items 90 “Employee severance pay” and 100 “Reserves for Risk and expense Funds”.

Reclassified Balance Sheet

(data in thousands)

Assets line items	31/12/2023	31/12/2022	Amount variations	% variations
Cash	15,519	12,826	**2,692**	**20.99%**
Financial assets	**994,592**	**1,132,310**	**-137,718**	**-12.16%**
a) financial assets held for trading	103,754	87,874	15,879	18.07%
b) financial assets measured at fair value	0	0	0	0.00%
c) other financial assets obligatorily measured at fair value	29,372	71,475	-42,103	-58.91%
d) Financial assets measured at fair value with impact on total profits	474,967	612,370	-137,403	-22.44%
e) Financial assets measured at amortised cost	386,499	360,590	25,909	7.19%
- Banks	3,683	6,720	-3,037	-45.20%
- Customers	382,816	353,870	28,946	8.18%
Loans	**3,635,047**	**3,587,095**	**47,952**	**1.34%**
a) receivables from banks	405,359	171,433	233,926	136.45%
b) receivables from customers	3,079,729	3,303,949	-224,220	-6.79%
c) loans obligatorily measured at fair value	71,324	73,042	-1,719	-2.35%
d) other assets	78,636	38,670	39,965	103.35%
Equity investments	15,933	16,479	-546	-3.31%
Property, plants and equipment	89,231	89,427	-196	-0.22%
Intangible assets	4,928	4,235	693	16.35%
Tax receivables	23,644	37,886	-14,243	-37.59%
Non-current assets and groups of assets in the course of divestment	0	0	0	0.00%
Other assets	78,886	45,946	32,939	71.69%
TOTAL ASSETS	**4,857,779**	**4,926,205**	**-68,426**	**-1.39%**

Liability and shareholders’ equity line items	31/12/2023	31/12/2022	Amount variations	% variations
Payable to banks and institutional counterparties	**945,734**	**1,282,719**	**-336,985**	**-26.27%**
a) payable to banks	641,072	1,089,388	-448,316	-41.15%
b) payable to institutional counterparties	304,662	193,331	111,331	57.59%
Direct deposits	**3,507,155**	**3,360,563**	**146,591**	**4.36%**
a) payable to customers	3,334,734	3,201,990	132,744	4.15%
b) outstanding securities	172,421	158,574	13,847	8.73%
Financial liabilities from trading	442	98	345	353.00%
Tax liabilities	1,220	2,502	-1,282	-51.25%
Liabilities associated to assets in the course of divestment	0	0	0	0.00%
Other liabilities	118,192	57,407	60,785	516.74%
Provisions for liabilities	10,679	11,763	-1,084	0.00%
TOTAL LIABILITIES	**4,583,421**	**4,715,052**	**-131,631**	**0.00%**
Shareholders’ equity	**274,358**	**211,153**	**63,205**	**0.00%**
Valuation reserves	-7,783	-20,516	12,733	42.44%
Redeemable shares	0	0	0	0.00%
Capital instruments	40,000	30,000	10,000	1244.96%
Reserves	-35,814	-52,259	16,445	7.06%
Premiums on issue of shares	803	803	0	0.00%

Liability and shareholders' equity line items	31/12/2023	31/12/2022	Amount variations	% variations
Share capital	252,800	232,800	20,000	0.00%
Treasury shares (-)	0	0	0	0.00%
Equity pertaining to minority interest	1,185	1,188	-3	0.00%
Fiscal year profit or loss	23,166	19,136	4,030	21.06%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,857,779**	**4,926,205**	**-68,426**	-1.39%

Financial assets

The Financial assets line item includes all financial assets held by the banking Group and allocated in the various business lines. As at 31 December 2023, this line item showed a decrease with respect to 31/12/2022, of € 137 million (-12.06%).

This drop was principally due to the redemption of maturing securities allocated in the HTCS portfolio, with impact on OCI (€ 134 million), and the decrease of securities obligatorily measured at fair value (- € 42 million). During the period, government bonds allocated in the HTC portfolio showed a € 29 million increase.

FINANCIAL ASSETS				
data in €/000				
Type of transaction/assets	**31/12/2023**	**31/12/2022**	**Absolute var.**	**% var.**
Debt securities	**934,718**	**1,025,167**	**-90,449**	**-8.82%**
a) Securities held for trading	83,941	66,519	17,422	26.19%
b) Securities measured at fair value	0	0	0	0.00%
c) Securities obligatorily measured at fair value	3,651	3,874	-223	-5.76%
d) Securities measured at fair value with impact on total profits	460,627	594,184	-133,558	-22.48%
e) Securities measured at amortised cost	386,499	360,590	25,909	7.19%
- Banks	3,683	6,720	-3,037	-45.20%
- Customers	382,816	353,870	28,946	8.18%
Capital securities and shares in mutual funds	**40,062**	**86,141**	**-46,079**	**-53.49%**
a) Securities held for trading	0	354	-354	-100.00%
b) Securities measured at fair value	0	0	0	0.00%
c) Securities obligatorily measured at fair value	25,722	67,601	-41,880	-61.95%
d) Securities measured at fair value with impact on total profits	14,340	18,186	-3,846	-21.15%
Derivative instruments	**618**	**683**	**-64**	**-9.40%**
a) Trading financial derivatives	618	683	-64	-9.40%
b) Trading financial derivatives	0	0	0	0.00%
Other assets	**19,194**	**20,319**	**-1,125**	**-5.54%**
a) Other assets held for trading	19,194	20,319	-1,125	-5.54%
Total financial assets	**994,592**	**1,132,310**	**-136,528**	**-12.06%**

Loans b) receivables from customers

The line item **Loans b) Receivables from customers** includes loans to ordinary customers measured at amortised cost.

As at 31 December 2023, receivables from customers for the Group amounted to € 3,080 million, a decrease with respect to the same datum as at 31 December 2022, dropping by € 225 million (- 6.79%).

The reduction of this aggregate is due primarily to the mortgages and loans component, which decreased also due to the effect of the transfer of NPLs during the last quarter of the fiscal year, for overall € 37.4 million of which Non-performing loans for € 21.8 million and UTP for € 15.6 million, in accordance with the Strategic Plan and the transfer of in bonis receivables for about € 45 million, concluded by the Parent Company, according to the Funding Plan.

LOANS: B) RECEIVABLES FROM CUSTOMERS				
€/000				
Type of transaction/assets	**31/12/2023**	**31/12/2022**	**Absolute var.**	**% var.**
Current accounts	428,624	417,869	10,755	2.57%
Mortgages	1,791,551	2,096,063	-304,512	-14.53%
Portfolio	8,712	8,999	-287	-3.19%
Securitised mortgage loans	112,668	0	112,668	
Self-securitised mortgage loans	341,276	403,152	-61,876	-15.35%
Leasing	298,665	282,757	15,908	5.63%
Other loans	59,685	60,297	-612	-1.01%
Gross non-performing loans	103,617	133,215	-29,598	-22.22%
Impairment loss on non-performing loans	-49,247	-70,360	21,113	-30.01%
Overall impairment loss	-65,165	-66,675	1,510	-2.26%

LOANS: B) RECEIVABLES FROM CUSTOMERS				
€/000				
Type of transaction/assets	**31/12/2023**	**31/12/2022**	**Absolute var.**	**% var.**
Total net lending vs ordinary customers	**3,030,385**	**3,265,316**	**-234,932**	**-7.19%**
10. Receivable from Pontormo RMBS	10,720	10,046	674	6.71%
11. Receivable from Poste	14,221	264	13,957	5277.13%
12. Receivable from C.C. & G.	264	28,323	-28,058	-99.07%
13. Receivable from C.D.P.	24,138	0	24,138	
Total other net lending	**49,344**	**38,633**	**10,711**	**27.72%**
Total receivable from customers	**3,079,729**	**3,303,949**	**-224,220**	**-6.79%**

The table shows the effects of the “Pontormo SME 2023” securitisation transaction of a portfolio of performing mortgage loans for an original amount of 112.5 million euro, carried out in September 2023 and better illustrated in Part E, Section C – Securitisation Transactions.

Credit quality

The tables that follow illustrate the data regarding receivables from customers subdivided by category and specifying, for each, the gross value, the overall adjustments, the net value and the hedging, as well as a series of indicators intended to provide a summary representation of the Group’s quality of credit.

CREDIT QUALITY - VALUES AT 31/12/2023				
	Gross exposure	**Overall adjustments**	**Net exposure**	**Coverage ratio**
CASH CREDIT EXPOSURES				
Stage 3 - Receivables from customers - Non-performing loans	103,617	49,247	54,369	47.53%
Stage 3 - Receivables from customers - UTP	138,423	45,928	92,496	33.18%
Stage 3 - Receivables from customers - Past-due	20,904	1,596	19,308	7.63%
Total impaired receivables	**262,944**	**96,771**	**166,173**	**36.80%**
Stage 2 - Receivables from customers	315,954	8,955	306,999	2.83%
Stage 1 - Receivables from customers	2,615,243	8,687	2,606,557	0.33%
Total in bonis receivables	**2,931,198**	**17,642**	**2,913,556**	0.60%
Total receivables from customers	**3,194,142**	**114,413**	**3,079,729**	**3.58%**
Stage 1 – Receivables for repurchase agreements	0	0	0	
Total Cash credit exposures	**3,194,142**	**114,413**	**3,079,729**	**3.58%**

The Group’s impaired receivables from customers measured at amortised cost amount to a gross value of € 262.9 million, to which specific adjustments have been associated for a value of € 96.7 million with a consequent net value of € 166.2 million.

The degree of coverage (so-called “coverage ratio”) of impaired receivables from customers measured at amortised cost at 31 December 2023 is equal to 36.8%. In particular, the aforementioned impaired receivables, classified according to the IFRS international accounting principle “Financial Instruments” in the so-called “third stage”, include non-performing loans for a net value of € 54.4 million, with a coverage ratio of 47.5% and probable defaults for a net value of € 92.5 million, with a coverage ratio 33.18%.

The Group’s in bonis receivables from customers measured at amortised cost amount to a gross value of € 2,931.2 million, to which portfolio adjustments have been associated for € 17.6 million, with a consequent net value of € 2,913.6 million, showing a coverage ratio of 0.60%. Of these, receivables from customers for in bonis receivables at greatest risk, essentially classified in the so-called “second stage” are equal to € 316 million gross, with a coverage ratio of 2.83%.

INDEXES FOR QUALITY OF CREDIT				
	Banca Cambiano	**Cambiano Leasing**	**Immobiliare**	**Group**
	31/12/2023	**31/12/2023**	**31/12/2023**	**31/12/2023**
% ON NET RECEIVABLES				
% Net non-performing loans on total net receivables	1.57%	2.11%	0.00%	1.77%
% Net watchlist on total net receivables	2.69%	3.41%	0.00%	3.00%
% Net past-due on total net receivables	0.47%	1.57%	0.00%	0.63%
% Total net impaired receivables on total net receivables	4.74%	7.09%	0.00%	5.40%
% ON GROSS RECEIVABLES				
% Gross non-performing loans on total gross receivables	3.02%	2.70%	0.00%	3.24%
% Gross watchlist on total gross receivables	4.01%	3.91%	0.00%	4.33%
% Gross past-due on total gross receivables	0.50%	1.60%	0.00%	0.65%
% Total gross impaired receivables on total gross receivables	7.53%	8.21%	0.00%	8.23%
% OF HEDGES				
% hedges on non-performing loans	49.75%	23.04%	0.00%	47.53%
% hedges on other impaired receivables	32.14%	11.14%	0.00%	29.83%

INDEXES FOR QUALITY OF CREDIT				
	Banca Cambiano	Cambiano Leasing	Immobiliare	Group
	31/12/2023	31/12/2023	31/12/2023	31/12/2023
% hedges on total impaired receivables	39.21%	15.05%	0.00%	36.80%
% of hedges on in bonis receivables	0.56%	0.43%	0.00%	0.60%
Texas ratio				**76.65%**

Overall deposits

The table below shows the detail of overall deposits related to ordinary customers at 31 December 2023 compared to the respective data at 31 December 2022.

DEPOSITS				
data in €/000				
Description	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
Payable to customers	3,334,734	3,201,990	132,744	4.15%
Outstanding securities	172,421	158,574	13,847	8.73%
Total Direct deposits	**3,507,155**	**3,360,563**	**146,591**	**4.36%**
Indirect – Administered	943,046	611,030	332,016	54.34%
Indirect – Funds	112,685	86,165	26,520	30.78%
Indirect - GPM	87,598	64,832	22,766	35.12%
Indirect - Insurance	418,034	554,407	-136,374	-24.60%
Indirect deposits	**1,561,363**	**1,316,434**	**244,929**	**18.61%**
Overall deposits	**5,068,517**	**4,676,998**	**391,520**	**8.37%**

Type of transaction/assets	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
1. Bank accounts	2,743,863	2,844,641	-100,778	-3.54%
2. Deposits	37,576	43,456	-5,880	-13.53%
3. Time deposit	529,969	287,021	242,948	84.64%
4. Liabilities against sold assets	0	0	0	0.00%
5. Repurchase agreements with ordinary customers	12,319	12,020	299	2.49%
6. Deposit certificates	15	79	-64	-80.68%
7. Bonds	172,406	158,494	13,911	8.78%
8. Payable for leases	10,104	12,832	-2,728	-21.26%
9. Other payables	902	2,019	-1,117	-55.34%
Total Direct deposits	**3,507,155**	**3,360,563**	**146,591**	**4.36%**

Overall deposits (direct, administered, managed and insurance) at 31 December 2023 was € 5,069 million, increasing with respect to the same value at 31 December 2022 by € 392 million (+ 8.37%).

This increase, involving primarily the Parent Company, is due to both the usual activities carried out by the Bank, and also to the purchase of the "BCC for Web" branch of business, through which liabilities allocated in the "Payable to customers" line item were purchased for overall € 174 million, and administered and managed deposits allocated in the "indirect deposits" line item were purchased, for overall € 113 million, as specified in Part G of the Explanatory Notes of the Parent Company.

Specifically, the line item "Payable to customers" increased by € 133 million (+4.15) due to the increase of time deposits (+84.64%), while the line item "Outstanding securities" increased by € 14 million (+8.73%) due to the issue of T2 loans for € 4 million and a "Green" bond issue subscribed on 31 December 2023 for € 25 million. This line item decreased during the fiscal year due to the redemption of a bond that matured during the month of November for € 15 million.

Financial funding

The table below shows the detail of overall deposits to banks and institutional counterparties at 31 December 2023 compared to the data at 31 December 2022.

FINANCIAL FUNDING				
data in €/000				
Description	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
Payable to banks	641,072	1,089,388	-448,316	-41.15%
Payable to institutional counterparties	304,662	193,331	111,331	57.59%
Total financial funding	**945,734**	**1,282,719**	**-336,985**	**-26.27%**

Type of transaction/assets	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**

FINANCIAL FUNDING				
data in €/000				
Description	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
1. Transactions with Euro system	549,300	954,301	-405,001	-42.44%
Payable to central banks	**549,300**	**954,301**	**-405,001**	**-42.44%**
2. Bank accounts	86,177	114,978	-28,801	-25.05%
3. Deposits	0	15,018	-15,018	-100.00%
4. Gold financing from banks	5,594	5,091	503	9.89%
5. Loans payable	0	0	0	0.00%
Payable to other banks	**91,772**	**135,087**	**-43,315**	**-32.06%**
Total payable to banks	**641,072**	**1,089,388**	**-448,316**	**-41.15%**
6. Other repurchase agreements	203,249	193,331	9,918	5.13%
7. Loans taken out with C.D.P.	0	0	0	0.00%
8. Payable from sold assets	101,413	0	101,413	0.00%
Total payable to institutional counterparties	**304,662**	**193,331**	**111,331**	**57.59%**
Total financial deposits	**945,734**	**1,282,719**	**-336,985**	**-26.27%**

At 31 December 2021, **Financial deposits** amounted to € 946 million with a decrease of 337 million (-26.27%) compared to 31 December 2022 due to the decrease of demand payables to banks (bank accounts and deposits) for overall € 43 million and of payables to central banks for € 405 million (-42.44%), due to the effect of the reimbursement of TLTROIII deposits made by the Parent Company during the months of January, June, September and December 2023, in compliance with the Business Plan. The period also recorded an increase in payables to institutional counterparties for € 111 million (+57.59%) due to the increase of repurchase agreements for € 10 million, and of liabilities purchased against the securitisation transaction concluded by the Parent Company during the month of September 2023 for € 101 million.

Net interbank position

NET INTERBANK POSITION				
RECEIVABLE FROM BANKS				
data in €/000				
Type of transaction/assets	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
1. Bank accounts and demand deposits with central banks	278,062	0	278,062	0.00%
2. Statutory reserve	29,508	84,303	-54,796	-65.00%
Receivables from central banks	**307,569**	**84,303**	**223,266**	**264.84%**
3. Bank accounts and demand deposits with banks	47,678	37,068	10,610	28.62%
4. Term deposits	50,112	50,062	50	0.10%
5. Repurchase agreements	0	0	0	0.00%
6. Other loans	0	0	0	0.00%
Receivable from other banks	**97,790**	**87,130**	**10,660**	**12.23%**
Total receivables (A)	**405,359**	**171,433**	**233,926**	**136.45%**

PAYABLE TO BANKS				
data in €/000				
Type of transaction/assets	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
1. Transactions with Eurosystem	549,300	954,301	-405,001	-42.44%
Payable to central banks	**549,300**	**954,301**	**-405,001**	**-42.44%**
2. Bank accounts	86,177	114,978	-28,801	-25.05%
3. Deposits	0	15,018	-15,018	-100.00%
4. Gold financing from banks	5,594	5,091	503	9.89%
5. Loans payable	0	0	0	0.00%
Payable to other banks	**91,772**	**135,087**	**-43,315**	**-32.06%**
Total payables (B)	**641,072**	**1,089,388**	**-448,316**	**-41.15%**

Imbalance of receivables/payables (A) - (B)	**-235,712**	**-917,954**	**682,242**	**-74.32%**

PAYABLE TO BANKS				
data in €/000				
Type of transaction/assets	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
Imbalance with central banks	**-241,731**	**-869,998**	**628,267**	**-72.21%**
Interbank balance with other banks	**6,019**	**-47,957**	**53,975**	**-112.55%**

The net interbank position at 31 December 2023 is negative for € 236 million with a decrease of € 682 million (-74.32%) compared to the datum at 31 December 2022, primarily due to the reimbursement of TLTROIII deposits made by the Parent Company during the months of January, June, September and December 2023.

Book shareholders' equity

At 31 December 2023, book shareholders' equity was equal to € 274.3 million, increasing as compared to 31 December 2022 when it amounted to € 211.2 million, as shown in the table below. This variation is due to the profit for the period, the capital increase executed by the Parent Company in the month of June 2023 for € 20 million, the increase in fair value registered by securities allocated in the HTCS portfolio for € 12.7 million net of taxes, and the issue of an AT1 loan of € 10 million.

BREAKDOWN OF CONSOLIDATED EQUITY				
data in €/000	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
Share capital	252,800	232,800	20,000	8.59%
Premiums on issue of shares	803	803	0	0.00%
Capital instruments	40,000	30,000	10,000	33.33%
Reserves	-35,814	-52,259	16,445	-31.47%
(Treasury shares)	0	0	0	0.00%
Valuation reserves	-7,783	-20,516	12,733	-62.06%
Third-party assets	1,185	1,188	-3	-0.22%
Total (excluding profit for the period)	**251,192**	**192,017**	**59,175**	**30.82%**
Profit (loss) for the fiscal period	23,166	19,136	4,030	21.06%
Total consolidated shareholders' equity	**274,358**	**211,153**	**63,205**	**29.93%**

Income performance

The 2023 fiscal period closed with a net result of € 23,166 thousand, of which € 75 attributable to minority interests.

Below are the principle economic aggregates, in thousands of Euros, as at 31 December 2023, compared to the same data as at 31 December 2022.

The results are presented in the reclassified version with respect to the accounting schedules provided for by Bank of Italy Circular 262/2005 and subsequent amendments ([2]). The main reclassification operations refer to the following line items:

- The line item "Commission expenses" no longer includes commissions recovered from customers, which are allocated to line item 200 "Other operating income/expenses";
- The line item "Net result from financial activities" includes line items 80, 90, 100 and 110 of the accounting schedule, net of the profit and loss components relative to the sale of receivables reclassified in the line item "Net adjustments on loans to customers";
- The line item "Other net operating income/expenses" no longer includes recovered commissions and expenses which are decreased of the relative cost items, expenses for liabilities covered using pre-existing Funds and the Badwill that emerged with the PPA process allocated to its own line item;
- The line item "Personnel costs" no longer includes recovered expenses relative to personnel, which are allocated to line item 200 "Other operating income/expenses";
- The line item "Other administrative costs" is shown net of the following components:
    - Recovery of indirect taxes and other expenses, allocated to line item 200 "Other operating income and expenses" of the accounting schedule;
    - Contributions to SRF and FITD Funds, reclassified in the specific line item "expenses relative to the banking system";

[2] For greater details on the methods of exposure of the reclassified schedules, please refer to the Annex "Reconciliation between the reclassified balance sheet and income statement schedules".

This line item, net of the above reclassifications, better represents the dynamics of the bank's operational expenses.

- The line item "Adjustments on property, plants and equipment and intangible fixed assets" no longer includes depreciation of intangible assets measured on outcome of the PPA of the purchased branch of business, which were reclassified in the line item "Goodwill impairment / Depreciation of intangible fixed assets (PPA)";
- The line item "Net adjustments on loans to customers" includes line items 130 a) and 140 of the accounting schedule and the profits and losses deriving from sale of the receivables as specified above;
- The line item "Net allocations to risk and expense funds" no longer includes expenses for liabilities covered with Risk Funds accrued in previous fiscal periods, allocated to line item 200 "Other operating income and expenses" of the balance sheet schedule;
- The line item "Expenses relative to the banking system" includes contributions to the SRF (Single Resolution Fund) and the FITD (Interbank Deposit Protection Fund) reclassified in line item 160 b "Other administrative costs";
- The PPA line item shows the effects deriving from the PPA process (Purchase Price Allocation) relative to the purchase of BCC for Web allocated in line item 200 "Other operating income and expenses" of the accounting schedule.

Reclassified income statement

(data in thousand)

Income statement line items	31/12/2023	31/12/2022	Amount variations	% variations
Earned interest and similar income	167,318	93,827	73,491	78.33%
Interest expenses and similar expenses	-76,247	-12,240	-64,008	522.95%
Interest income	91,070	81,587	9,483	11.62%
Dividends and similar income	589	603	-14	-2.35%
Financial income	**91,659**	**82,190**	**9,469**	**11.52%**
Commission income	36,502	36,611	-109	-0.30%
Commission expenses	-5,451	-4,550	-901	19.80%
Net commission income	31,051	32,061	-1,010	-3.15%
Net result from financial activities	11,168	10,026	1,142	11.39%
Other net operating income/expenses	1,115	-603	1,718	-284.75%
Other operating income	**43,334**	**41,483**	**1,851**	**4.46%**
Operating income	**134,993**	**123,673**	**11,320**	**9.15%**
Personnel costs	-33,723	-32,366	-1,356	4.19%
Other administrative costs	-33,230	-29,842	-3,388	11.35%
Net adjustments/write-backs on property, plant and equipment and intangible assets	-7,251	-7,085	-166	2.34%
Net result of fair value measurement of property, plant and equipment and intangible assets	91	-14	105	-738.08%
Operating costs	**-74,113**	**-69,308**	**-4,805**	**6.93%**
Net operating income	**60,880**	**54,365**	**6,515**	**11.98%**
Net adjustments on loans to customers	-25,292	-21,348	-3,944	18.48%
Net adjustments on securities and other financial assets	344	-506	849	-167.96%
Net allocations to risk and expenses funds: guarantees and commitments	-113	-95	-19	19.54%
Net adjustments due to impairment	**-25,062**	**-21,948**	**-3,113**	**14.18%**
Net allocations to risk and expense funds: other	-198	-2,865	2,667	-93.09%
Profits (losses) from equity investments	-324	1,192	-1,517	-127.21%
Gains (losses) from disposal of investments	89	16	72	449.64%
Expenses related to the banking system (contribution to DGS and FITD funds)	-5,950	-6,369	419	-6.58%
Gross profit from current operations	**29,434**	**24,392**	**5,043**	**20.67%**
Income tax for the period on current operations	-7,143	-5,218	-1,925	36.89%
Net profit from current operations	**22,292**	**19,174**	**3,118**	**16.26%**
PPA	1,291	0	1,291	0.00%
Amortisation of intangible fixed assets measured in application of IFRS3 (PPA)	-272	0	-272	0.00%
Profit (loss) from discontinued operations net of taxes	-70	0	-70	0.00%
Profit (loss) for the fiscal period	**23,241**	**19,174**	**4,067**	**21.21%**
Profit (loss) for the fiscal period attributable to minority interests	75	38	37	99.06%
Profit (loss) for the fiscal period of the Parent Company	**23,166**	**19,136**	**4,030**	**21.06%**

Interest income amounts to € 91.07 million, increased by 11.62% as compared to 31 December 2022. This increase, due to rises in the official tax rates decided by the ECB starting from the month of July 2022, has affected the various components of the aggregate, albeit to varying degrees.

Within this aggregate, the component relative brokerage with customers shows an increase of 36.25% compared to 2022, due to the above-mentioned interest rate trend, while the banking brokerage component showed a negative contribution for an amount of € 22.8 million compared to the amount recorded at 31 December 2022 primarily due to the TLTROIII transactions on which interest expenses accrued at 31 December 2023 in the amount of € 24.6 million compared to 4.8 million earned interest accrued at 31 December 2023.

The amount related to financial assets and liabilities shows an increase in that the increased interest perceived on financial assets was only in part offset by an increase in the cost of securities to be allocated in own means.

The above being said, the table below shows the breakdown of interest income.

	INTEREST INCOME			
	data in €/000	**31/12/2023**	**31/12/2022**	**% Variation**
TOTAL	Earned interest and similar income	167,318	93,827	78.33%
	Interest expenses and similar expenses	-76,247	-12,240	522.95%
	Overall interest income	**91,070**	**81,587**	**11.62%**
with CUSTOMERS	Earned interest and similar income	147,388	83,842	75.79%
	Interest expenses and similar expenses	-40,894	-5,684	619.51%
	Interest income with customers	**106,494**	**78,159**	**36.25%**
with BANKS	Earned interest and similar income	9,890	5,792	70.75%
	Interest expenses and similar expenses	-28,145	-1,239	2171.04%
	of which: interest on TLTROIII	*-24,595*	*4,793*	
	Interest income with the banking system	**-18,255**	**4,553**	**-500.96%**
on SECURITIES	Earned interest and similar income	6,391	2,603	145.55%
	Interest expenses and similar expenses	-6,981	-4,773	46.26%
	Interest income on securities	**-590**	**-2,170**	**-72.82%**
OTHER	Earned interest and similar income	3,649	1,590	129.50%
	Interest expenses and similar expenses	-228	-544	-58.12%
	Residual interest income	**3,421**	**1,046**	**227.09%**

N**et commission income** amounts to € 31.1 million, decreasing slightly compared to the data at 31 December 2022. In particular, there was a slight drop in commissions associated to the distribution of third-party services, associated to a reduced underwriting of insurance policies and commissions on management, brokerage and consulting services; instead, commissions on "traditional" services (commissions for collection and payment services, and commissions on) remain essentially unvaried .

	NET COMMISSION INCOME			
	data in €/000	**31/12/2023**	**31/12/2022**	**% Variation**
TOTAL	Commission income	36,502	36,611	-0.30%
	Commission expenses	-5,451	-4,550	19.80%
	Overall net commission income	**31,051**	**32,061**	**-3.15%**
From management, brokerage and consulting	Commission income	6,080	6,411	-5.16%
	Commission expenses	-2,130	-1,461	45.76%
	Net commission income	**3,950**	**4,949**	**-20.20%**
From distribution of third party services	Commission income	4,684	4,917	-4.74%
	Commission expenses	-237	-157	51.08%
	Net commission income	**4,447**	**4,760**	**-6.58%**
From payment services	Commission income	20,962	20,589	1.81%
	Commission expenses	-2,025	-1,765	14.73%
	Net commission income	**18,937**	**18,824**	**0.60%**
From other services	Commission income	4,777	4,695	1.74%
	of which: load transactions and issued guarantees	*1,641*	*1,657*	-0.96%
	Commission expenses	-1,060	-1,167	-9.22%
	Net commission income	**3,717**	**3,527**	**5.37%**

Operating income at 31 December 2023 was € 135 million, with an increase of € 11.3 million (+ 9.15%) as compared to the datum at 31 December 2022.

OPERATING INCOME				
data in €/000	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
Interest income	**91,070**	**81,587**	**9,483**	**11.62%**
Dividends and similar income	589	603	**-14**	**-2.35%**
Financial income	**91,659**	**82,190**	**9,469**	**11.52%**
Overall net commission income	**31,051**	**32,061**	**-1,010**	**-3.15%**
Net result from financial activities	11,168	10,026	**1,142**	**11.39%**
Other net operating income/expenses	1,115	-603	**1,718**	**-284.75%**
Operating income	**134,993**	**123,673**	**11,320**	**9.15%**

As can be seen from the table, the increase in operating income is due to the increase of net profit from financial instrument brokerage activities for € 1.1 million and of Other operating income for € 1.7 million, summed with the increase in interest income already described in detail above.

The increase in net profits derived from brokerage activities is due to the positive trend of financial markets, that resulted in increased profits from the disposal of financial assets allocated in the HTCS portfolio for € 0.9 million, an increase in profits deriving from the disposal of securities measured at amortised cost for € 1.5 million, and an increase in the value of financial assets obligatorily measured at fair value for overall € 3.6 million. Gains are negatively affected by the reduction in the net profit from trading assets for overall € 4.9 million due to the decrease in profits on exchanges for € 13 million, partially offset by the increase in profits from securities for € 5.7 million and in profits from tax receivables purchased from customers for € 2.4 million.

NET PROFIT FROM FINANCIAL ACTIVITIES				
data in €/000	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
NET PROFIT FROM FINANCIAL ACTIVITIES	**11,168**	**10,026**	**1,142**	**11.39%**
Net trading profit	**10,226**	**15,147**	**-4,921**	**-32.49%**
a) Currencies	2,022	15,072	-13,050	-86.59%
b) Financial assets FVTPL Trading	3,994	-1,708	5,702	-333.79%
c) Other financial assets (tax receivables)	4,211	1,783	2,428	136.17%
Net profit from hedging	**0**	**-2**	**2**	**-100.00%**
Profit/Loss from valuation – hedging derivatives	0	-2	2	-100.00%
Profit (loss) from sale or repurchase of:	**2,364**	**-138**	**2,502**	**-1816.18%**
a) Financial assets measured at FV with impact on OCI	666	-225	891	-396.16%
b) Financial assets measured at amortised cost	1,542	23	1,518	6534.78%
c) Financial liabilities	157	64	93	145.44%
Net profit from financial assets and liabilities measured at FV with impact on the income statement	**-1,422**	**-4,981**	**3,559**	**-71.45%**
Financial assets obligatorily measured at fair value	-1,422	-4,981	3,559	-71.45%

As regards the line item **Other operating income/expenses** the increase as compared to the datum at 31 December 2022 (+ € 1,718 thousand) is attributable to an increase of Other income for € 598 thousand, and a decrease in Other expenses for € 1,120 thousand. As shown in the table below, the increase of other income is due primarily to the increase of contingent assets for € 465 thousand, while the decrease of other expenses derives from a decrease in expenses for liabilities not covered by risk and expense funds accrued in previous fiscal periods.

	OTHER OPERATING INCOME AND EXPENSES				
	data in €/000	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
TOTAL	Other operating income	2,439	1,841	598	32.50%
	Other operating expenses	-1,324	-2,444	1,120	-45.83%
	Other net income	**1,115**	**-603**	**1,718**	**-284.75%**

	OTHER OPERATING INCOME AND EXPENSES				
	data in €/000	31/12/2023	31/12/2022	Variation	% Variation
Other income	Contingent assets	765	301	465	154.48%
	Other income	1,674	1,540	134	8.68%
	Other income	**2,439**	**1,841**	**598**	**32.50%**
Other expenses	Depreciation of third-party goods	-215	-250	35	-13.91%
	Expenses for liabilities not covered by Funds	-12	-655	643	-98.19%
	Contingent liabilities	-155	-455	299	-65.86%
	Other expenses	-942	-1,085	143	-13.18%
	Other expenses	**-1,324**	**-2,444**	**1,120**	**-45.83%**

Operating expenses at 31 December 2023 were € 74.1 million, increasing by € 4.9 million (+ 6.93%) compared to the datum booked at 31 December 2022, as shown in the table below.

OPERATING EXPENSES				
data in €/000	31/12/2023	31/12/2022	Variation	% Variation
Administrative expenses	-66,952	-62,208	-4,744	7.63%
a) personnel costs	-33,723	-32,366	-1,356	4.19%
b) other administrative costs	-33,230	-29,842	-3,388	11.35%
Net adjustments/write-backs on property, plant and equipment and intangible assets	-7,251	-7,085	-166	2.34%
Net result of fair value measurement of property, plant and equipment and intangible assets	91	-14	105	-738.07%
Operating expenses	**-74,113**	**-69,308**	**-4,910**	**6.93%**

In particular, personnel costs increased by € 1.4 million due to expenses related to the renewal of the sector's labour agreement and greater costs associated to the company bonus, while other administrative costs register a net increase of € 3.4 million, primarily due to:

- Increased electrical energy costs (+ 0.6 million);
- Increased IT expenses connected to new projects and regulatory compliance (+ 1.8 million);
- Increased costs for stamp duties (+ € 1 million) for the most part offset by increased recoveries from customers.

Net profit from current operations increased as compared to the amount booked at 31 December 2022, registering € 29.4 million, with an increase of € 5 million.

Net adjustments on loans to customers show an increase compared to those booked for the previous fiscal period, for overall € 3,944 thousand, in that the decrease in write-backs from valuation - € 2,478 thousand – was offset by losses registered on transfer transactions on NPL receivables, concluded by the Bank, in accordance with the Business Plan, during the last quarter of the fiscal period, with an effect on the income statement for overall € 5,514 thousand.

Specifically as regards net adjustments deriving from the measurement of in-portfolio receivables at 31 December 2023, the registered decrease derives not only from the decrease in non-performing receivables due to the aforementioned transfer transactions, but also to the revision of the criteria for determination of management overlays.

On 28 December last, the Board of Directors of the Parent Company Bank resolved to release the add-on on "energy-intensive" businesses (equal to € 5.7 million at 31/12/2022 for Banca Cambiano and € 537 thousand for Cambiano Leasing), introduced as of the 2022 financial statements, replacing the management overlays determined in the 2020 and 2021 fiscal years on Covid and government-backed loans, for the following reasons:

- Albeit the conflict between Russia and the Ukraine is ongoing, the energy crisis that the war generated and that characterised the 2022 fiscal period can currently be considered as essentially ceased;
- Since the introduction of the add-ons, to date a congruous time has lapsed (almost 12 months), such as to have allowed ascertaining any financial difficulty and the consequent classifications and evaluations of positions;

- The analysis of dynamics relative to Stage 2 has not brought to light a significant deterioration, in the time bracket of reference, of exposures falling within the perimeter of application of the add-ons on "energy-intensive" businesses;
- The concentration of add-ons of significant amounts on individual loans, broadly granted, closely monitored and recently also reviewed by the Board of Directors, with no irregularities during the period that can be traced back to the energy crisis at the base of the criteria for application of the management overlays;
- The updating, regarding measurements as at 31/12/2023, of forward-looking components, that include the macro-economic scenarios based on the most recent forecasts published by Bank of Italy, with reference to which the simulated impact on the portfolio of receivables at 30/11/2023 quantifies an increase in impairment loss on Stage 1 positions equal to about € 1.30 million, and an increase in impairment loss on Stage 3 unlikely to pay positions equal to € 1.77 million;
- The substantial return to normal operating conditions of the parameters at the base of the IFRS9 model, that first during the Covid period (2020-2021 fiscal years) and then the energy crisis period (2022) were not capable of intercepting the significant rise of credit risk due to the mass recourse to moratoria and the difficulty in finding data inherent to the energy expense of customer companies.

Given the uncertainty of the current economic situation, characterised by the pressure of inflation and the increased interest rates recorded during the year, for the 2023 fiscal period the Board of Directors has nevertheless resolved to continue to maintain an approach alternative to the mechanical application of the models (so-called Overlay Approach) used to calculate the ECL, in line with the process used in 2022 for "energy-intensive" businesses, and in the previous two-year period of the Covid-19 pandemic, providing for the inclusion of specific add-ons on impairment losses in order to capture the expected effects of the increased interest rates on the banking portfolio.

To this end, a perimeter of positions most affected by the current economic situation has been identified, and the relative criteria for calculation of management overlays has been defined, as detailed here following:

- Private individuals, joint-name companies and individual companies classified in Stage 1 who undersigned floating rate instalment loans before 2023 and that during the year have registered average payment delays equal to at least five days. For these positions, the calculation of the management overlay is based on the simulation of a "shift" in the risk class with application of an impairment loss equal to that which they would have had, if they had been classified in Stage 2;
- Private individuals, joint-name companies and individual companies classified in Stage 2 who undersigned floating rate instalment loans before 2023 and that during the year have registered average payment delays equal to at least one day. For these positions, the calculation of the management overlay is based on the simulation of a "shift" in the risk class with application of an impairment loss equal to that which they would have had, if they had been classified as impaired past-due (Stage 3);
- Loans backed by commercial real estate properties that, following the rise in interest rates, are less appetising on the real estate market and for which a value loss is estimated in 2024. For these positions, the calculation of the management overlay is based on the application of the Loss Given Default dedicated to un-secured positions, in lieu of the one dedicated to positions secured by real estate property.

The calculation of management overlay on loans to companies secured by commercial real estate properties, in particular, is based on the sector reports issued by the European Central Bank, in which it is ascertained that commercial real estate transactions decreased by 47% during the first half of 2023 as compared to the same period of the previous year, and that the largest listed real estate property holders are exchanged with a discount of over 30% as compared to the net equity value.

As regards the Bank's credit portfolio as at 31/12/2023, the application of the criteria for the calculation of the management overlays that have been identified has entailed an increase of impairment loss on Stage 1 equal to approximately € 550 thousand, and an increase in impairment loss on Stage 2 equal to approximately € 1.94 million, resulting in an overall add-on of € 2.49 million.

In particular, the calculation of management overlays based on a simulated "shift" of the class risk for the identified private individuals, joint-name companies and individual companies resulted in an overall add-on between Stage 1 and Stage 2 equal to € 2.12 million, while the calculation of management overlays based on the application of the Loss Given Default dedicated to positions not secured by commercial real estate property resulted in an overall add-on between Stage 1 and 2 equal to € 366 thousand.

In addition to the impact on impairment losses of the application of the add-ons explained above, it is necessary to also consider the additional effects resulting of the updating of the macro-economic scenarios based on the most recent forecasts published by Bank of Italy (so-called Forward Looking components), with reference to the month of December 2023. These updates have resulted in a rise in impairment loss equal to € 1.30 million on Stage 1 and € 1.77 million on Stage 3, allocated on watchlist positions.

In accordance with the guidelines of the Parent Company, Cambiano Leasing, that has no significant exposures with private individuals, has calculated management overlays to lease agreements on commercial real estate properties, applying a specific pejorative Loss Given Default on loans secured by commercial real estate. This application resulted in an overall add-on, at 31 December 2023, of 651 thousand/Euro.

GROSS PROFIT FROM CURRENT OPERATIONS				
data in €/000	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
Operating income	**134,993**	**123,673**	**11,320**	**9.15%**
Operating expenses	**-74,113**	**-69,308**	**-4,805**	**6.93%**
Net operating income	**60,880**	**54,365**	**6,515**	**11.98%**
Net adjustments on loans to customers	-25,292	-21,348	**-3,944**	**18.48%**
of which: profit/loss from disposal	*-5,514*	*826*	***-6,340***	***-767.51%***
of which: net adjustments to	*-19,915*	*-22,393*	***2,478***	***-11.07%***
of which: profit/loss from contract modifications	*137*	*219*	***-82***	***-37.46%***
Net adjustments on securities and other financial assets	344	-506	**849**	**-167.96%**
Net allocations to risk and expense funds: guarantees and commitments	-113	-95	**-19**	**19.54%**
Net adjustments due to impairment	**-25,062**	**-21,948**	**-3,113**	**14.18%**
Net allocations to risk and expense funds: other	-198	-2,865	**2,667**	**-93.09%**
Profits (losses) from equity investments	-324	1,192	**-1,517**	**-127.21%**
Gains (losses) from disposal of investments	89	16	**72**	**449.64%**
Expenses related to the banking system (contributions to DGS and FITD funds)	-5,950	-6,369	**419**	**-6.58%**
Gross profit from current operations	**29,434**	**24,392**	**5,043**	**20.67%**

Among the other profit components at 31 December 2023, please note the diminished net allocations to risk and expense funds for € 2.7 million, losses on equity investments for overall € 0.3 million – with a decrease of € 1,517 as compared to the previous fiscal period – and diminished expenses for contributions to DGS and FITD funds, for € 0.4 million.

GROSS AND NET PROFIT FOR THE FISCAL PERIOD				
data in €/000	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
Gross profit from current operations	29,434	24,392	5,043	20.67%
Income tax for the period on current operations	-7,143	-5,218	-1,925	36.89%
Net profit from current operations	**22,292**	**19,174**	**3,118**	**16.26%**
PPA	1,291	0	1,291	0.00%
Goodwill impairment / Amortisation of intangible fixed assets measured in application of IFRS3 (PPA)	-272	0	-272	0.00%
Profit (loss) from discontinued operations net of taxes	-70	0	-70	0.00%
Profit (loss) for the fiscal period	**23,241**	**19,174**	**4,067**	**21.21%**
Profit (loss) for the fiscal period of minority interest	75	38	37	99.06%
Profit (loss) for the fiscal period of the Parent Company	**23,166**	**19,136**	**3,795**	**19.83%**

The profit for the fiscal period is affected in a positive manner by the booking of badwill resulting from the measurement at fair value of Bcc for Web for € 1,291 thousand, reduced due to the effect of the amortisation of intangible assets measured in offset to the badwill for € 272 thousand, shown in line item "Goodwill impairment / Amortisation of intangible fixed assets measured in application of IFRS3 (PPA)".

Capital adequacy and regulatory ratios

One of the main points of the Bank's strategy is the careful management of the capital components, both in terms of their consistency and other their dynamics. The evolution of company capital is crucial to accompany a responsible increase in size and represents the principle and decisive point of reference in the definition of plans for development. In this sense, starting in 2019, the Bank has formalised and adopted a Capital Management plan to cohesively govern and constantly verify current and prospected capital adequacy levels. The Plan was updated in the last meeting of the Board of Directors held on 12 April 2023. Capital adequacy management activities generate planned reports to company upper management, and are subject to systematic monitoring by the Risk Management function, as total own funds are a decisive reference for prudential supervisory dispositions.

During the 2023 fiscal year, on 26 June the scheduled transaction for the Bank's capital increase by € 20 million was completed, and in September, the replacement of € 15 million T2 instruments was perfected, for which a specific request was submitted to the Supervisory Authority, authorised by letter protocolled at n. 1268714/23 dated 21 July 2023, and in October, in addition to the plans made in April 2023, the Bank issued a permanent debenture bond (Additional Tier 1) for an overall amount of € 10 million.

The table below illustrate the final situation of consolidated Own Funds 31 December 2023 (that includes profits eligible for calculation at 31/12/2023), compared to the situation at 31 December 2022:

OWN FUNDS AND CAPITAL ADEQUACY			
data in €/000	**31/12/2023**	**31/12/2022**	**% Variation**
Total primary Tier 1 capital (Common Equity Tier 1 - CET1)	228,439	206,731	10.50%
Total Additional Tier 1 capital (Additional Tier 1 - AT1)	40,000	30,000	33.33%
Total Tier 1 capital (Tier 1 - T1)	**268,439**	**236,731**	13.39%
Total Tier 2 capital (Tier 2 - T2)	64,752	61,175	5.85%
Total own funds (T1 + T2)	**333,191**	**297,906**	**11.84%**

PRUDENTIAL SUPERVISORY REQUIREMENTS			
data in €/000	**31/12/2023**	**31/12/2022**	**% Variation**
Credit and counterparty risk	122,739	137,360	-10.64%
Credit valuation adjustment risk	16	20	-17.88%
Market risk	2,550	2,759	-7.60%
Operating risk	19,598	17,448	12.32%
Total prudential requirements (8% of weighted assets)	**144,903**	**157,588**	**-8.05%**

RISK ACTIVITIES AND VIGILANCE COEFFICIENTS			
data in €/000	**31/12/2023**	**31/12/2022**	**% Variation**
Risk-weighted activities (RWA)	1,811,289	1,969,844	-8.05%
Primary Tier 1 capital / Risk-weighted activities (CET1 ratio)	12.61%	10.49%	2.12%
Tier 1 capital/ Risk-weighted activities (Tier1 ratio)	14.82%	12.02%	2.80%
Own funds / Risk-weighted activities (Total capital ratio)	18.40%	15.12%	3.27%

Own funds at 31 December 2023 amounted € 333 million, showing an increase with respect to the previous fiscal year of € 36 million, principally due to the effect of the following factors:

- The capital increase perfected in June 2023 (+ 20 million);
- The increase from 75% to 100% of the reserves from FTA component for the year 2023 (-€ 30.2 million net of the positive effect of the application of the transitory regime pursuant to art. 473 bis, par. 6 bis of the CRR);
- The reduction of the negative valuation reserve for performance of securities classified in the HTC&S portfolio (+12,7 million net of the effect deriving from the transitory regime for profit and loss of sovereign debt securities measured at FVOCI in the 2023 financial year);

- The positive net result for the period (+ € 3.8 million as compared to the previous period);
- The increase of reserves due primarily to the profit from the 2022 fiscal year (+ € 16.2 million);
- The issue during 2023 of permanent debenture bonds di permanent debenture bonds included in AT1 for an additional € 10 million;
- The issue during 2023 of subordinate bond instruments for € 18,6 million, of which € 15 million in replacement of T2 "CAMBIANO 18-25 4% SUB" instruments, for which a specific request was submitted to the Supervisory Authority, and that was authorised with letter protocolled at n. 1268714/23 dated 21 July 2023. The positive effect on overall Own Funds for € .6 million net of the diminished eligibility of the previous tranches of subordinate loans. The overall amount of € 92.4 million, comprehensive of the loan issued by ex Invest Banca, is in fact eligible for booking in own funds for € 64.6 million.

The detail of debenture loans included, even only partially in own funds, is shown in the table below.

Schedule of subordinate bonds

BOND	DESCRIPTION	ISIN	EXPIRY DATE	RATE	AMOUNT
489001	CAMBIANO SUB 4.50% 20/12/19-24	IT0005396426	20/12/2024	4.50000	3,000,000
480001	CAMBIANO 18-25 4% SUB	IT0005337719	28/06/2025	4.00000	30,000,000
483001	CAMBIANO 19-29 4% SUB	IT0005371270	10/06/2029	4.00000	5,000,000
484001	CAMBIANO 19-29 SU SUB	IT0005376287	20/06/2029	4.50000	1,000,000
485001	CAMBIANO 19-29 4% SUB	IT0005385668	25/09/2029	4.00000	2,000,000
488001	CAMBIANO SU 05/12/19-29 SUB	IT0005391518	05/12/2029	4.50000	1,000,000
52048	BOND IB 2024 SUB	IT0005253148	01/06/2024	2.50000	4,700,000
501001	CAMB 22-29 5% SUB	IT0005487118	15/03/2029	5.00000	2,000,000
503001	CAMB 22-30 3% SUB	IT0005495574	16/05/2030	3.00000	3,000,000
504001	CAMB 22-30 3.5% SUB	IT0005498859	29/06/2030	3.50000	3,000,000
505001	CAMB 22-30 5% SUB	IT0005509135	30/09/2030	5.00000	2,000,000
506001	CAMB 22-30 TV SUB	IT0005510059	30/09/2030	8.00000	3,000,000
507001	CAMB 22-30 7.50% SUB	IT0005514960	20/10/2030	7.00000	3,000,000
508001	CAMB 22-30 4% SUB	IT0005516395	28/10/2030	4.00000	700,000
509001	CAMB 22-30 5.50% SUB	IT0005516403	28/10/2030	5.50000	400,000
510001	CAMB 22-30 7% SUB	IT0005523391	07/12/2030	7.00000	2,800,000
511001	CAMB 22-30 7% SUB	IT0005527772	29/12/2030	7.00000	2,200,000
512001	CAMB 22-30 8% SUB	IT0005527780	29/12/2030	8.00000	5,000,000
513001	CAMB 23-31 7% SUB	IT0005534190	1/03/2023	7.00000	800,000
515001	CAMB 23-31 8% SUB /PRO	IT0005554495	29/06/2023	8.00000	2,000,000
516001	CAMB 23-31 8% SUB	IT0005558751	10/08/2023	8.00000	800,000
517001	CAMB 23-31 7% SUB /PRO	IT0005560534	4/09/2023	7.00000	4,500,000
518001	CAMB 23-31 7% SUB /PRO	IT0005560591	4/09/2023	8.00000	2,000,000
519001	CAMB 23-31 7% SUB /PRO	IT0005561268	20/09/2023	8.00000	500,000
520001	CAMB 23-31 7% SUB /PRO	IT0005561854	26/09/2023	5.00000	8,000,000
	TOTAL				**92,400,000**

Schedule of permanent AT1 bonds

BOND	DESCRIPTION	ISIN	DATE OF ISSUE	RATE	AMOUNT
490001	BCA CAMB 20-PERP TV SUB /PRO	IT0005427023	23/11/2020	5.00000	1,500,000
492001	CAMBIANO PERPETUA AT1 492	IT0005429375	15/12/2020	5.00000	3,500,000
494001	CAMBIANO PERPETUA AT1 494	IT0005429755	21/12/2020	4.75000	1,000,000
496001	CAMB PERPETUA AT1 496	IT0005431777	21/12/2020	5.00000	500,000

BOND	DESCRIPTION	ISIN	DATE OF ISSUE	RATE	AMOUNT
497001	CAMBIANO PERPETUA AT1 497	IT0005432130	28/12/2020	5.00000	3,500,000
498001	CAMB PERPETUA AT1 498	IT0005439846	30/03/2021	5.00000	5,000,000
499001	CAMBIANO PERPETUA AT1 499	IT0005454076	11/08/2021	5.00000	5,000,000
500001	CAMB PERPETUA AT1 500	IT0005475055	28/12/2021	5.00000	7,000,000
502001	CAMB 22-PERP TV SUB /PRO	IT0005489601	30/03/2022	5.00000	3,000,000
521001	CAMB 23-PERP TV SUB /PRO	IT0005566648	10/10/2023	7.00000	10,000,000
	TOTAL				**40,000,000**

Finally, please note that, with letter protocolled at n. 1069996/23 dated15/06/2023, Bank of Italy communicated the new decision regarding the capital requirement in force as of the Supervisory Notifications referred to 30 June 2023, and specifically Bank of Italy has decided that the measure of capital that the Group must have, in addition to the minimum capital requirement, is to be calculated as follows:

- CET 1 ratio: 8.00%, composed of an obligatory value of 5.50%, of which 4.50% for minimum regulatory requirements and 1.00% for minimum additional requirements resulting from the outcome of the SREP) and for the remaining part by the capital conservation reserve;
- Tier 1 ratio: 9.90%, composed of an obligatory value of 7.40%, of which 6.00% for minimum regulatory requirements and 1.40% for minimum additional requirements resulting from the outcome of the SREP) and for the remaining part by the capital conservation reserve;
- Total Capital ratio: 12.30%, composed of an obligatory value of 9.80%, of which 8.00% for minimum regulatory requirements and 1.80% for minimum additional requirements resulting from the outcome of the SREP) and for the remaining part by the capital conservation reserve.

The above capital ratios correspond to the Overall Capital Requirement ("OCR") ratios, as defined in the ABE/GL/2014/13(4) Guidelines: they represent the sum of obligatory values (Total SREP Capital Requirement ratio - TSCR, as defined in the ABE Guidelines) and the combined capital conservation requirement.

Furthermore, to ensure compliance with the obligatory values detailed above and ensure that the Bank's own funds can absorb any losses deriving from stress scenarios, taking into account the results of the prudential stress tests pursuant to article 100 of Directive 2013/36/EU and/or of the results of stress tests conducted by the intermediary within the scope of the ICAAP, Bank of Italy expects the Group to meet the following capital ratios within a maximum period of two years:

- CET 1 ratio: 9.25%, composed of a CET1 OCR CET1 ratio equal to 8.00% and a Target Component (Pillar 2 Guidance, P2G), due to a greater risk exposure in stress conditions, equal to 1.25%;
- Tier 1 ratio: 11.15%, composed of a T1 OCR ratio equal to 9.90% and a Target Component, due to a greater risk exposure in stress conditions, equal to 1.25%;
- Total Capital ratio: 13.55%, composed of a TC OCR ratio equal to 12.30% and a Target Component, due to a greater risk exposure in stress conditions, equal to 1.25%.

The capital ratios met by the Group at 31 December 2023 are already higher than those required.

Shareholders' equity and own funds – Reconciliation schedule between profit for the fiscal period and profit in own funds

The reconciliation schedule between the items "profit for the fiscal period" and "shareholders' equity" resulting from the balance sheet of the Parent Company and the consolidated balance sheet, required by Bank of Italy Circular n. 262, is shown in the table below.

Composition of Group profit	Profit for the fiscal year	Profit of minority interests	Consolidated company share in shareholders' equity	Adjustments for consolidation	Elision of dividends	Contribution to Group profit
Banca Cambiano 1884 S.p.A.	22,075	0	0	-68	0	22,006
Immobiliare 1884 srl	-267	0	0	0	0	-267
Cambiano Leasing S.p.A.	1,503	-75	0	0	0	1,428
Total	**23,310**	**-75**	**0**	**-68**	**0**	**23,166**

Composition of Group equity	Shareholders' equity	Elision of shareholders' equity with share value	Equity pertaining to minority interest	Adjustment of consolidated shareholding to shareholders' equity	Elision of infra-group transactions	Contribution to Group equity
Banca Cambiano 1884 S.p.A.	247,230	0	0	0	0	247,230
Immobiliare 1884 srl	13,920	-13,500	0	0	0	420
Cambiano Leasing S.p.A.	22,206	-18,739	-1,110	0	0	2,357
Total	**283,356**	**-32,239**	**-1,110**	**0**	**0**	**250,006**

Pursuant to Regulation n. 575/2013 (CRR), the Parent Company is Ente Cambiano Scpa. Below is the reconciliation schedule between the Group profits and the respective profit for the calculation of Own Funds:

RECONCILIATION BETWEEN PROFIT FOR THE PERIOD THAT IS INCLUDED IN THE CALCULATION OF OWN FUNDS				
data in €/000		TOTAL AMOUNT	PERTAINING TO MINORITY INTEREST	PERTAINING TO THE GROUP
PROFIT FOR THE PERIOD				
Ente Cambiano s.c.p.a.	Parent company	**225**	**0**	**225**
Banca Cambiano s.p.a.	Shareholdings by the Parent Company	**22,075**	**3,217**	**18,857**
Immobiliare 1884 s.r.l.	Shareholdings by Banca Cambiano	**-267**	**-39**	**-228**
Cambiano Leasing s.p.a.	Shareholdings by Banca Cambiano	**1,503**	**283**	**1,219**
Consolidation adjustments		**-1,156**	**0**	**-1,156**
TOTAL PROFIT		**22,379**	**3,462**	**18,918**
Dividends and mutual funds:				
Ente Cambiano s.c.p.a.	Shareholders as dividends	**31**	**0**	**-31**
Ente Cambiano s.c.p.a.	Mutual fund for promotion and development of the cooperation Law 59/1992	**7**	**0**	**-7**
Banca Cambiano s.p.a.	Shareholdings by the Parent Company	**1,655**	**241**	**-1,413**
TOTAL DISTRIBUTED SHARES		**1,692**	**241**	**-1,451**
NET PROFIT FOR THE PERIOD				
Ente Cambiano s.c.p.a.	Parent Company	**187**	**0**	**187**
Banca Cambiano s.p.a.	Shareholdings by the Parent Company	**20,420**	**2,976**	**17,444**
Immobiliare 1884 s.r.l.	Shareholdings by Banca Cambiano	**-267**	**-39**	**-228**
Cambiano Leasing s.p.a.	Shareholdings by Banca Cambiano	**1,503**	**283**	**1,219**
Consolidation adjustments		**-1,156**	**0**	**-1,156**
PROFIT/LOSS FOR THE PERIOD TO CALCULATE IN OWN FUNDS		**20,687**	**3,220**	**17,467**

The organisational model: research, development and innovation activities

As regards the information required in this section, please refer to the corresponding section of the Individual Financial Statements of Banca Cambiano 1884 S.p.A., which is the parent company and main *asset* of the bank Group, as well as the structure within which the main governance and control functions reside; the corresponding section is intended as wholly referred to herein.

Human resources

The table below contains the breakdown of the Group's human resources:

BREAKDOWN OF PERSONNEL	BANCA CAMBIANO 1884			CAMBIANO LEASING			GRUPPO BANCARIO CAMBIANO				
	2023	2022	Var.	2023	2022	Var.	2023	%	2022	%	Var.
BREAKDOWN BY QUALIFICATION											
Upper management	4	4	0	1	1	0	5	1.14%	5	1.15%	0
Middle management	111	109	2	2	0	2	113	25.86%	109	25.00%	4
Professional areas	304	310	-6	10	11	-1	314	71.85%	321	73.62%	-7
Apprenticeships	5	1	4	0	0	0	5	1.14%	1	0.23%	4
Total	**424**	**424**	**0**	**13**	**12**	**1**	**437**	100.00%	**436**	100.00%	**1**
BREAKDOWN BY GENDER											
Female	161	162	-1	9	7	2	170	38.90%	169	38.76%	1
Male	263	262	1	4	5	-1	267	61.10%	267	61.24%	0

BREAKDOWN OF PERSONNEL	BANCA CAMBIANO 1884			CAMBIANO LEASING			GRUPPO BANCARIO CAMBIANO				
	2023	2022	Var.	2023	2022	Var.	2023	%	2022	%	Var.
Total	**424**	**424**	**0**	**13**	**12**	**1**	**437**	100.00%	**436**	100.00%	**1**
BREAKDOWN BY LEVEL OF EDUCATION											
University degree	205	202	3	2	4	-2	207	47.37%	206	47.25%	1
Secondary School Diploma	211	213	-2	11	7	4	222	50.80%	220	50.46%	2
Other	8	9	-1	0	1	-1	8	1.83%	10	2.29%	-2
Total	**424**	**424**	**0**	**13**	**12**	**1**	**437**	100.00%	**436**	100.00%	**1**
BREAKDOWN BY AGE BRACKET											
Up to 25 years	6	12	-6	0	0	0	6	1.37%	12	2.75%	-6
26 - 35 years	88	98	-10	1	1	0	89	20.37%	99	22.71%	-10
36 - 45 years	123	126	-3	2	4	-2	125	28.60%	130	29.82%	-5
46 - 55 years	136	129	7	6	5	1	142	32.49%	134	30.73%	8
56 - 60 years	42	40	2	3	1	2	45	10.30%	41	9.40%	4
over 60 years	29	19	10	1	1	0	30	6.86%	20	4.59%	10
Total	**424**	**424**	**0**	**13**	**12**	**1**	**437**	100.00%	**436**	100.00%	**1**
BREAKDOWN BY SENIORITY											
Up to 3 years	40	59	-19	2	1	1	42	9.61%	60	13.76%	-18
4 - 8 years	91	92	-1	1	0	1	92	21.05%	92	21.10%	0
9 - 15 years	98	113	-15	0	3	-3	98	22.43%	116	26.61%	-18
16 - 25 years	123	100	23	6	6	0	129	29.52%	106	24.31%	23
26 - 30 years	38	32	6	4	2	2	42	9.61%	34	7.80%	8
Over 30 years	34	28	6	0	0	0	34	7.78%	28	6.42%	6
Total	**424**	**424**	**0**	**13**	**12**	**1**	**437**	100.00%	**436**	100.00%	**1**
FUNCTIONAL DISTRIBUTION											
Central offices	158	160	-2	13	12	1	171	39.13%	172	39.45%	-1
Network	266	264	2	0	0	0	266	60.87%	264	60.55%	2
Total	**424**	**424**	**0**	**13**	**12**	**1**	**437**	100.00%	**436**	100.00%	**1**

Risk management and control

The Board of Directors is charged with verifying the functionality, reliability, adequacy and completeness of the system of internal controls. To fulfil this important role, the Board of Directors, aided by the Risk Committee (committee within the board), dictates the rules, methods, limits and types, and frequency of reporting.

The Risk Appetite Framework (RAF) is constantly updated, and finalised at defining *ex ante* the risk level that the Group considers sustainable and, consequently, the entity of the risk that the latter intends to take on, setting operational limits as a consequence thereof.

As provided for by vigilance regulations, the Bank has also drawn up a Recovery Plan, that identifies indicators for every area considered of relevance (capital, liquidity, profitability and quality of assets), in order to allow for the timely activation of every possible remedy intervention, in the event that said limits are exceeded.

Risk management and control require the identification of significant risks of the activity carried out by the Group, pertaining not only to the typical financial brokerage and credit activities, but also to the correct structuring and implementation of processes, and their compliance with reference regulations.

For each risk, assessment, monitoring, organisational systems, strategies and mitigation techniques are defined. First and Second Pillar risks, as defined in the Basel 3 Convention, are subject to quantification.

For First Pillar risks (credit and counterparty risk, market risk, operational risk), that contribute to the definition of capital requirements, standardised methods are adopted, in compliance with regulations on the matter. For concentration risk, the regulatory approach and the ABI guidelines are adopted. For rate risk, an internal model based on the method of regulatory calculation with the behavioural analysis of the entries is used. For residual risk, associated to the actual capacity of guarantees to mitigate the risk of loss, a process of preventive verification on the admissibility of the guarantees is used, supervised by the Conformity and Risk Management functions. As regards liquidity risk, the short-term net liquidity position, the liquidity gap and the counter-balancing capacity trend are calculated. The Liquidity Coverage Ratio – LCR is calculated, as is the Net Stable Funding Ratio - NSFR).

In compliance with prudential vigilance provisions, the Group also annually assesses:

- Within the scope of the ICAAP (Internal Capital Adequacy Assessment Process) that the capital planning process, the overall risk exposure and the consequent determination of overall internal capital are in line with the profile and the strategy adopted and that capital is adequate – by amount and composition – to hedge the risks identified in ordinary and stress conditions, both current and future, and in compliance with regulatory requirements and consistent with own funds;

- Within the scope of the ILAAP (Internal Liquidity Adequacy Assessment Process), that the liquidity risk governance and management system and the planning of levels of liquidity reserves and of funding sources are adequate and consistent with the system of overall controls and management.

The Group has also drawn up the Information Statement, making it available to the public, pursuant to EU Regulation n. 575/2013, regarding capital adequacy, risk exposure and the general characteristics of the relative systems in place to identify, measure and manage risks.

The Group is now classified as a class 2 intermediary for the purposes of ICAAP.

Part E of the Explanatory Notes contains all the qualitative and quantitative information regarding risks and hedging policies.

The internal controls system

The Internal Controls System (ICS) is structured on three control levels, as provided for by vigilance regulations, and entails:

- First level or line controls, inherent to company processes;
- Second level controls on the entity and trends of risks and on conformity to regulations;
- Third level controls, or internal audits, to verify processes and behaviours ex post.

The company second level (Conformity, Risk Management) and third level (Internal Audit) control functions report directly to the Board of Directors.

To ensure greater efficacy of the overall internal controls system, the Group has, for some time, formalised decision-making processes and appointed responsibilities to the various company functions, through specific regulations are constantly updated; it has ensured the independence and autonomy of company control functions and has activated operational control procedures aimed at minimising the risks associated to fraud or employee infidelity, to prevent and mitigate potential conflicts of interest, and to avoid involvement, even be it unintentional and unaware, in money-laundering of financing of terrorism.

The Group has also equipped itself with information and organisational systems suited to ensuring the company's business continuity even in case of adverse events.

The risk committee

In compliance with vigilance regulations, the Bank's Board of Directors, in order to better execute its duties on the matter of risk monitoring, and implementation and verification of the internal control systems for the Group, has created the Risk Committee. Said Committee, within the Board itself, carries out advisory, and, where necessary, preliminary inspection activities and supports the Board of Directors regarding risks and internal controls.

Particular attention is given to activities that are necessary and instrumental to allow the Board of Directors to a correctly and effectively determine the RAF (Risk Appetite Framework) and the risk management policies.

The vigilance organism

Pursuant to Legislative Decree 231/01, a Vigilance Organism has been set up, to supervise the administrative responsibility of the company. For the control purposes it has been assigned, the Vigilance Organism has the power to acquire any information or company document, to directly access said documents and to inspect all the structures, functions, branches and operational centres of the Group.

In executing its functions, the Vigilance Organism acts in a fully independent manner with respect to any Group structure. It reports exclusively to the Board of Directors regarding the outcome of the activities carried out, transmitting specific reports.

The compliance function

The Compliance Function, with its requirements regarding independence, authority and professionalism, that allow it to access all relevant information, oversees, according to an approach based on the risk, the risk of non-conformity to all regulations, with respect to the whole of the company's activities. This function verifies that company processes are suited to preventing the violation of hetero-regulatory (laws, regulations, etc.) and self-regulatory (for example, codes of conduct, ethical codes, policies and internal regulations) provisions. Particular attention is given to conflicts of interest and to all regulations that have greater impact on customer relations, such as usury, investment services, claims, etc. This Function works on the basis of an annual action plan, submitted to the Board of Directors for approval, that identifies all the principal risks to which the Bank is exposed, and plans the respective audit interventions. The Function is structured based on a centralised organisational model with the identification of “Specialised Overview Unit” regarding taxation, processing of personal data and workplace health and safety.

The anti-money laundering function

Risk of money laundering and financing of terrorist activities means the possibility that the Group become involved, even unintentionally, in the re-introduction within the financial system of profits deriving from illegal activities, or in activities aimed at committing one or more crimes with terroristic aims that could engender reputational damage and economic losses. In order to adequately guard against money laundering risks, the Group has adopted a Policy that defines the strategic guidelines and the governance policies for risks connected to money laundering and the financing of terrorist activities. The principles contained in said policy are outlined in processes and procedures aimed at ensuring conformity with anti-money laundering regulations, which are of relevance also for the purpose of the “Organisational, management and control model, ex Legislative Decree 231/2001”.

The Group guards against the risk of money laundering and financing terrorist activities through a series of first level controls present in the IT procedures, or executed by each operational unit, through second level controls by the specific Function, and by third level controls by the Internal Audit Function.

The Anti-money laundering Function, responsible for anti-money laundering activities, transmits the statistical aggregated data, the “Objective Communications” regarding the use of cash, and notifications of any suspect operations (SOS) to the Financial Information Unit, and sends notification of violations of regulations, pursuant to art. 49 del Lgs. Decree 231/07, to the MEG. The Anti-money laundering Function works on the basis of an annual action plan, submitted to the Board of Directors for approval, that programs the respective control activities.

The risk management function

The activity of the Risk Management Function is aimed at measuring and controlling risks taken by the Group. It does so by:

- Contributing to the definition of the Bank’s profile of acceptable risk (Risk Appetite Framework) and of the Recovery Plan indicators;
- Developing measurement models for the various types of risk (credit, market, operational, reputational, liquidity, interest rate, spread and concentration risk) and verifying, in an ongoing manner, the validity thereof in terms of both methodological rigor and the capacity to interpret risks;
- Verifying that the risk limits provided for by the RAF and the Recovery plan, as well as any additional limits defined by the Board of Directors, are respected.

In particular, the Risk Management Function works to:

- control credit risk, monitor the trend of a wide range of phenomenon and indicators, in order to keep the risk in question under full control;
- control market risk, develop the model to calculate the variation and the measures for sensitivity to interest rate and spread fluctuations;
- control liquidity risk, elaborate the regulatory indicators for the Liquidity Coverage Ratio and the Net Stable Funding Ratio, with the aim of providing an overview of the Group’s liquidity risk profile;
- monitor operational risk, gather information on operational losses.

The Risk Management function submits an ample report to the Board of Directors and to General Management, describing the evolution of all the monitored risk classes. For greater details on this activity, please refer to Part E of the Explanatory Notes.

The internal audit function

Internal audits (so-called “third level controls”) are aimed, on the one hand, at verifying the regularity of operations and the evolution of risks, as a third level control and also by means of on-site inspections, and, on the other hand, at periodically assessing the completeness, adequacy, functionality and reliability, in terms of efficiency and efficacy, of the organisational structure and of the other components of the internal controls system, including those related to the information technology system (ICT audit), at intervals that are programmed based on the nature and intensity of the risks.

With this purpose in mind, the Audit Plan approved by the Board of Directors of the Parent Company has been implemented and a wide range of audit activities on various segmented company processes were carried out, consistent with the taxonomy of ABILAB processes, and in governance processes, operations, commercial/marketing and support areas, as well as on specific activities relating to Important Externalised Operational Functions. Primary focus was given to risk monitoring systems, with more in-depth analyses reserved to the credit segments, outsourced activities and, generally speaking, to the methods of application of the principle regulatory provision. Audit activities were no less important, and were aimed at verifying the reliability and functionality of company IT systems, including those to fight “cybercrime”, internal and external ICT processes and operational continuity, as well as verifications of the correct operation of territorial networks.

The support and direct participation of the Internal Audit Function to the work of the Risk Committee, the Board of Statutory Auditors and the Vigilance Organism, of which the Supervisor of the Function is a permanent member, was constant.

Transactions with related parties and intra-group transactions

In accordance with prudential regulations regarding risk activities and conflict of interest vis-à-vis related parties, please note that no noteworthy transactions were carried out with related parties, pursuant to pertinent regulations and criteria adopted within the scope of implemented policies, regarding which the Independent Director and/or the Board of Statutory Auditors formulated a negative judgment or made observations. Transactions of an ordinary or recurring nature executed during 2020 with related parties fall within the scope of normal Group operations and are negotiated at market conditions and always on the basis of reciprocal economic convenience and in compliance with the aforementioned internal procedures. Detailed information regarding transactions with related parties, including information regarding the effect of operations or existing positions with said counterparties on financial and network and on the year end results, accompanied by the summary tables of said effects, are provided in Part H of the Explanatory Notes.

Significant events subsequent to the closing of the fiscal year

Bank of Italy – Transparency inspections

From 23 October to 20 December 2023, the Vigilance authority conducted “transparency” inspections at five bank branches, focusing on the correct application of national regulations transposing the “PAD” Directive (2014/92/EU). On 18 March 2024, the Bank received the Vigilance report, containing the results of the on-site inspections, of the initiatives already undertaken by the Bank, and the request for corrective actions, to which the Bank promptly reacted, preparing a remedial plan.

Multimedia communication project

During the month of March, a multimedia communication project was initiated, subdivided into the following actions: (1) Virtual Assistant on the web site and positioning of a QR Code on bank statement documents, referring to the Virtual Assistant, (2) Multimedia Totem with Virtual Assistant for branches, (3) Creation of the Sm@rt Document, and (4) Integration of the Virtual Assistance and Sm@rt Document with the Mobile App and Internet Banking systems.

In particular, within 3/6 months, the Virtual Assistant is expected to be formed and launched on the cambianonline.it web site, and simultaneously the QR Code will be put into production on bank statement documents, for interaction of the Virtual Assistant with the holders of bank accounts.

The Funding Plan for 2024-2026 and Contingency Funding Plan

During the meeting held on 28 February 2024, the Board of Directors analysed and approved the “Funding Plan for 2024-2026” that comprises extraordinary transactions to acquire liquidity, with the exception, starting from the second semester of 2024, of recourse to ECB refinancing transactions at 3 months for about 300 million euro with Abaco mortgage guarantee; these transactions serve to guaranty adequate liquidity buffers that are also sufficient to address any possible stress situation.

The other principal sources of liquidity provided for, within the scope of the Plan are:

- in compliance with the investment policy adopted by the Bank, also based on the maturity of TLTRO refinancing transactions, a reduction due to maturity of debt securities, essentially Italian government bonds, for a total of € 425 million (approximately € 320 in 2024 and approximately € 105 in 2025), prevalently in the FVOCI accounting portfolios and at amortised cost;
- continuing improvement of the efficiency of the lending/direct deposits ratio, by reducing the overall lending portfolio by approximately € 80 million during the 2024 fiscal year as well, following the reduction by about 110 million during the 2023 fiscal year, and subsequently keeping this portfolio substantially

stable in 2025. Deposits are expected to grow by about € 100 million during the 2024 fiscal year, and by € 70 million in 2025, while investment fundings is expected to decrease essentially due to the maturity, during the 2024 fiscal year, of the overall TLTRO refinancing transactions, for € 535 million, partially offset by the planned recourse to the aforementioned ECB refinancing transactions, based on the actual market conditions, which could be used to partially recompose the own securities portfolio.

During the same meeting, the Board also approved the Contingency Funding Plan, which was fully revised and, specifically, both the systemic and specific crisis indicators and the process for the alert and crisis status were revised.

Immobiliare 1884 srl

The Board of Directors of the Parent Company Banca Cambiano 1884 Spa, during the meeting held on 28 February 2024 approved: (i) modification of the corporate purpose of Immobiliare 1884 Srl in the Articles of Incorporation, as provisions exclude that banks can carry out real estate activities of a merely speculative nature, (ii) modification of the composition of the Corporate Organisms of the subsidiary, and (iii) the restructuring of loans, in order to better identify operations on single investments.

TLTRO refinancing transactions

Specifically as regards TLTRO refinancing transactions, the advanced reimbursement, in March, of the June tranche (€ 100 million) and of a part of the September tranche (€ 100 million of a total of 320 million) has been hypothesised; for the remaining part of the September tranche (€ 220 million) and for the December tranche (€ 115 million), reimbursement has been hypothesized at maturity, using the maturity dates of the government bonds in the own securities portfolio.

Foreseeable management trend

In 2023, the global GNP grew by about 3%, just slightly better than expected, but still weak compared to the past. Global growth seems destined to slow down to 2.7% in 2024, due to the delay with which the monetary restrictions are having effect, to the reduction of savings reserves (accumulated during the pandemic), and to the economic slowing down in China, which is structural in nature. It is expected that the United States economy will expand by 1.0% in 2024, a drop compared to the 2.4% growth registered in 2023, while the growth of the Chinese GNP is expected to drop below 5%, to 4.5%, within a context of dropping real estate prices, low faith levels, and the deterioration of demographic trends. A modest growth (0.5%) is expected in the Eurozone, in line with last year's results. The weakness factors remain predominant, as the transmission of the ECB's rise of interest rates has yet to have full effect, putting the resilience of labour markets to the test. Two factors will probably support economic growth in 2024: the drop in inflation, and a gradual recovery of global commerce, starting from the current, extremely low, levels. The Italian economy should continue to grow moderately this year, expanding by 0.6% with the respect to 0.7% in 2023. The recovery of private consumption will play a significant role, as a significantly lower inflation rate will support household spending power. A gradual recovery of global commerce will also support exports and investments. The average inflation rate in the Eurozone is expected to drop to 2.3% in 2024, and slightly below 2% in 2025. The ECB will probably begin to cut reference rates during the second quarter, once it has sufficient evidence that the deceleration of salary trends is consistent with the 2% inflation rate objective. The rate on deposits is expected to drop to 2.75% by the end of 2024 and to 2.25% by the end of 2025.

As regards Gruppo Cambiano, and in particular the Bank, the operational plan for the 2024 fiscal year includes: (i) a reduction of rates starting from the second semester of the fiscal year, with a 0.75 b.p. drop at the end of 2024, (ii) a reduction of economic lending (about 165 million on average), with the aim of containing the absorptions of RWA and of financial lending (about 391 million average) in line with the reimbursement of financing operations (TLTRO) by the ECB, (iii) an increase in deposits (about 134 million on average) also using innovative channels and the digital branch, and a reduction of financial funding (about 391 million on average) due to the reimbursement of the TLTRO transactions, only partially offset by an increase in financial funding, (iv) and increase in the sale of managed products (about 50 million plan time span), of mutual funds and of insurance products, with the resulting increase of commission income on said products, and (v) the growth of di trading activities with respect to previous fiscal periods (also through equity asset management entrusted to third parties), that will run parallel to activities to invest liquidity in securities allocated to the HTC portfolio or HTCS portfolio, based on market opportunity and in accordance with company policies.

Banca Cambiano will continue to pursue the philosophy of its Strategic Plan, supporting its customers and the community where it operates, and generating value for Stakeholders.

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

	Assets line items	31/12/2023	31/12/2022
10	Cash and cash equivalents	341,283,596	49,919,303
20	Financial assets measured at fair value with impact on profit and loss account	185,255,880	212,072,402
	a) financial assets held for trading	84,559,909	67,555,234
	b) financial assets measured at fair value	0	0
	c) other financial assets obligatorily measured at fair value	100,695,971	144,517,169
30	Financial assets measured at fair value with impact on impact on total profits	474,967,032	612,370,441
40	Financial assets measured at amortised cost	3,545,822,402	3,798,879,711
	a) receivables from banks	83,277,363	141,060,644
	b) receivables from customers	3,462,545,040	3,657,819,068
50	Hedges	0	0
60	Adjustment of value of generic hedges for financial assets (+/-)	0	0
70	Equity investments	15,933,060	16,478,980
80	Reinsurers' share of technical reserves	0	0
90	Property, plants and equipment	89,231,207	89,427,019
100	Intangible assets	4,927,858	4,235,356
	of which:		
	- goodwill	0	0
110	Tax receivables	23,643,593	37,886,292
	a) current	6,561,809	9,104,748
	b) pre-paid	17,081,784	28,781,544
120	Non-current assets and groups of assets in the course of divestment	0	0
130	Other assets	176,714,708	104,935,644
	Total assets	**4,857,779,337**	**4,926,205,149**

	Liabilities and shareholders' equity line items	31/12/2023	31/12/2022
10	Financial liabilities measured at amortised cost	4,452,888,286	4,643,282,170
	a) payable to banks	641,071,624	1,089,387,873
	b) payable to customers	3,639,395,789	3,395,320,782
	c) outstanding securities	172,420,874	158,573,515
20	Financial liabilities from trading	442,452	97,671
30	Financial liabilities measured at fair value	0	0
40	Hedges	0	0
50	Adjustments of value of generic hedges for financial liabilities (+/-)	0	0
60	Tax liabilities	1,219,747	2,501,887
	a) current	826,200	1,988,934
	b) deferred	393,547	512,953
70	Liabilities associated to assets in the course of divestment	0	0
80	Other liabilities	118,192,017	57,407,138
90	Employee severance pay	3,254,609	3,390,698
100	Risk and expense funds:	7,424,086	8,372,469
	a) commitments and issued guarantees	2,103,306	2,047,871
	b) pensions and similar obligations	0	0
	c) other risk and expense funds	5,320,780	6,324,598
110	Technical reserves	0	0
120	Valuation reserves	-7,782,837	-20,515,688
130	Redeemable shares	0	0
140	Capital instruments	40,000,000	30,000,000
150	Reserves	-35,813,904	-52,258,744
160	Premiums on issue of shares	803,240	803,240
170	Share capital	252,800,000	232,800,000
180	Treasury shares (-)	0	0
190	Equity pertaining to minority interest	1,185,449	1,188,087
200	Fiscal year profit or loss	23,166,191	19,136,220
	Total liabilities and shareholders' equity	**4,857,779,337**	**4,926,205,149**

CONSOLIDATED INCOME STATEMENT

	Line items	31/12/2023	31/12/2022
10.	Earned interest and similar income	167,317,730	93,826,747
	of which: earned interest calculated using the actual interest method	162,533,788	92,567,912
20.	Interest expenses and similar expenses	-76,247,435	-12,239,817
30	**Interest income**	**91,070,295**	**81,586,930**
40	Commission income	36,502,022	36,610,962
50	Commission expenses	-6,095,206	-5,131,542
60	**Net commission income**	**30,406,816**	**31,479,420**
70	Dividends and similar income	588,502	602,676
80	Net trading result	10,226,097	15,160,010
90	Net hedging result	0	-2,267
100	Gains (losses) from the disposal or repurchase of:	-3,150,048	262,268
	a) financial assets measured at amortised cost	-3,972,436	423,248
	b) financial assets measured at fair value with impact on total profits	665,761	-224,796
	c) financial liabilities	156,627	63,816
110	Net income of financial assets and liabilities measured at fair value	-1,410,282	-4,590,477
	a) financial assets and liabilities measured at fair value	0	0
	b) other financial assets obligatorily measured at fair value	-1,410,282	-4,590,477
120	**Operating income**	**127,731,380**	**124,498,561**
130	Net adjustments/write-backs due to the impairment of:	-19,583,084	-22,876,369
	a) financial assets measured at amortised cost	-19,808,203	-22,514,451
	b) financial assets measured at fair value with impact on total profit	225,118	-361,918
140	Profit/losses due to contract modifications without derecognition	137,168	219,326
150	Net result of financial operations	108,285,463	101,841,518
160	Net premiums	0	0
170	Balance of other income/expenses from insurance operations	0	0
180	**Net income from financial and insurance assets**	**108,285,463**	**101,841,518**
190	Administrative costs:	-79,816,788	-73,923,032
	a) personnel costs	-34,539,368	-32,714,290
	b) other administrative costs	-45,277,420	-41,208,742
200	Net allocations to risk and expense funds	1,029,243	-254,024
	a) commitments and issued guarantees	-113,245	-94,730
	b) other net allocations	1,142,488	-159,294
210	Net adjustments/write-backs on property, plants and equipment	-5,278,262	-5,429,014
220	Net adjustments/write-backs on intangible assets	-2,245,016	-1,656,468
230	Other operating income/expenses	8,624,280	2,618,457
240	**Operating costs**	**-77,686,543**	**-78,644,082**
250	Profit (loss) from equity investments	-324,464	1,192,477

	Line items	31/12/2023	31/12/2022
260	Net result of fair value measurement of property, plant and equipment and intangible assets	90,977	-14,258
270	Adjustments to value of goodwill	0	0
280	Gains (losses) from disposal of investments	88,585	16,117
290	**Gains (losses) from current operations before taxes**	**30,454,019**	**24,391,771**
300	Income tax for the period on current operations	-7,142,767	-5,217,808
310	**Gains (losses) from current operations after taxes**	**23,311,252**	**19,173,963**
320	Gains (losses) from groups of assets in the course of divestment net of taxes	-69,927	0
330	**Profit (loss) for the fiscal period**	**23,241,325**	**19,173,963**
340	**Profit (loss) for the fiscal period attributable to minority interests**	**75,134**	**37,744**
350	**Profit (loss) for the fiscal period attributable to the Parent Company**	**23,166,191**	**19,136,220**

SCHEDULE OF CONSOLIDATED OVERALL PROFITABILITY

	Line items	31/12/2023	31/12/2022
10	**Profit (loss) for the fiscal period**	**23,241,325**	**19,173,963**
	Other income components net of tax without reversal to the income statement		
20	Capital securities measured at fair value with impact on total profits	-91,918	-250,244
30	Financial liabilities measured at fair value with impact on income statement (variations of own creditworthiness)	0	0
40	Hedges on capital securities measured at fair value with impact on total profits	0	0
50	Property, plants and equipment	0	0
60	Intangible assets	0	0
70	Defined benefit plans	-68,887	348,554
80	Non-current assets and groups of assets in the course of divestment	0	0
90	Share of valuation reserves of equity investments measured on the basis of shareholders' equity	0	0
	Other income components net of tax with reversal to the income statement		
100	Hedging of foreign investments	0	0
110	Exchange rate differences	0	0
120	Hedges on cash flows	0	0
130	Hedging instruments (unmeasured instruments)	0	0
140	Financial assets (other than capital instruments) measured at fair value with impact on total profits	12,674,957	-18,354,837
150	Non-current assets and groups of assets in the course of divestment	0	0
160	Share of valuation reserves of equity investments measured on the basis of shareholders' equity	218,699	0
170	**Total other income components net of taxes**	**12,732,851**	**-18,256,527**
180	**Overall profitability (line item 10+170)**	**35,974,176**	**917,436**
190	**Consolidated overall profitability attributable to minority interests**	**75,134**	**37,744**
200	**Consolidated overall profitability attributable to the Parent Company**	**35,899,042**	**879,692**

TABLE OF VARIATIONS TO CONSOLIDATED SHAREHOLDERS' EQUITY

TABLE OF VARIATIONS TO CONSOLIDATED SHAREHOLDERS' EQUITY AT 31/12/2023				Allocation of prior fiscal year results		Fiscal year variations											
							Transactions on shareholders' equity										
	Amounts at 31/12/2022	Changes to opening balance	Amounts at 01/01/2023	Reserves	Dividends and other allocations	Variations of reserves	Issue of new shares	Purchase of treasury shares	Extraord. distrib. of dividends	Variations to capital instruments	Derivatives on treasury shares	Stock options	Variations to ownership interests	Overall profitability for the fiscal year 31/12/2023	Shareholders' equity at 31/12/2023	Group shareholders' equity at 31/12/2023	Third party shareholders' equity at 31/12/2023
Share capital:																	
- ordinary shares	233,382,557		233,382,557				20,000,000						-82,557		253,300,000	252,800,000	500,000
- other shares	0		0												0	0	0
Premiums on issue of shares	803,240		803,240												803,240	803,240	0
Reserves:																	
- from gains	-51,690,958		-51,690,958	19,173,963	-1,200,084	10,991				-1,497,500					-35,203,588	-35,813,904	610,316
- other	0		0													0	0
Valuation reserves	-20,515,688		-20,515,688											12,732,851	-7,782,837	-7,782,837	0
Capital instruments	30,000,000		30,000,000							10,000,000					40,000,000	40,000,000	0
Treasury shares	0		0													0	0
Fiscal year profit (loss)	19,173,963		19,173,963	-19,173,963										23,241,325	23,241,325	23,166,191	75,134
Total Shareholders' equity	211,153,115	0	211,153,115	0	-1,200,084	10,991	20,000,000	0	0	8,502,500	0	0	-82,557	35,974,176	274,358,140	273,172,691	1,185,449
Group shareholders' equity	209,965,028	0	209,965,028	0	-1,200,084	0	20,000,000	0	0	10,000,000	0	0	6,205	35,899,042	274,670,191	273,172,691	
Third party shareholders' equity	1,188,087	0	1,188,087	0	0	10,991	0	0	0	0	0	0	-88,762	75,134	1,185,449		1,185,449

TABLE OF VARIATIONS TO NET CONSOLIDATED SHAREHOLDERS' EQUITY AT 31/12/2022				Allocation of prior fiscal year results		Fiscal year variations											
							Transactions on shareholders' equity										
	Amounts at 31/12/2021	Changes to opening balance	Amounts at 01/01/2022	Reserves	Dividends and other allocations	Variations of reserves	Issue of new shares	Purchase of treasury shares	Extraord. distrib. of dividends	Variation capital instruments	Derivatives on treasury shares	Stock options	Variations to ownership interests	Overall profitability for the fiscal year 31/12/2022	Shareholders' equity at 31/12/2022	Group shareholders' equity at 31/12/2022	Third party shareholders' equity at 31/12/2022
Share capital:																	
a) ordinary shares	234,919,186		234,919,186										-1,536,628		233,382,557	232,800,000	582,557
b) other shares	0		0													0	0
Premiums on issue of shares	803,240		803,240												803,240	803,240	0
Reserves:																	
a) from gains	-48,778,179		-48,778,179	-829,704	-1,100,213	240,222							-1,223,085		-51,690,958	-52,258,744	567,786
b) other	0		0													0	0
Valuation reserves	-1,160,629	-1,098,531	-2,259,160											-18,256,527	-20,515,688	-20,515,688	0
Capital instruments	27,000,000		27,000,000							3,000,000					30,000,000	30,000,000	0
Treasury shares	0		0													0	0
Fiscal year profit (loss)	-829,704		-829,704	829,704										19,173,963	19,173,963	19,136,220	37,744
Total Shareholders' equity	211,953,914	-1,098,531	210,855,382	0	-1,100,213	240,222	0	0	0	3,000,000	0	0	-2,759,713	917,436	211,153,115	209,965,028	1,188,087
Group shareholders' equity	209,599,130	-1,098,531	208,500,599	0	-1,100,213	0	0	0	0	3,000,000	0	0	-1,315,050	879,692	209,965,028	209,965,028	
Third party shareholders' equity	2,354,784	0	2,354,784	0	0	240,222	0	0	0	0	0	0	-1,444,664	37,744	1,188,087		1,188,087

The column "Changes to opening balance" recognises adjustments made to balances at 31 December 2021 in accordance with the correction of the error made by subsidiaries.

The column "Allocation of prior fiscal year results" includes the effects of retroactive adjustments made to data relating to the 2021 fiscal year, and consequent changes to reserves, pursuant to the IFRS3 accounting principle.

CONSOLIDATED CASH FLOW STATEMENT

INDIRECT METHODS	Amounts	Amounts
	31/12/2023	**31/12/2022**
A. OPERATING ASSETS		
1 Management	**55,064,467**	**49,286,472**
- Fiscal year results (+/-)	23,241,325	19,173,963
- Gains/losses on financial assets held for trading and on other assets/financial liabilities measured at fair value with impact on the income statement (+/-)	-1,326,817	9,355,572
- Gains/losses on assets used for hedges (+/-)	0	2,267
- Net adjustments/write-backs due to impairment (+/-)	19,583,084	22,876,369
- Net adjustments/write-backs on property, plant, and equipment and intangible assets (+/-)	7,523,278	-7,085,483
- Net allocations to risk and expense funds and other costs/income (+/-)	-1,029,243	-254,024
- Outstanding net premiums (-)	0	0
- Other outstanding insurance costs/income (-/+)	0	0
- Outstanding duties, taxes and receivables(+)	7,142,767	5,217,808
- Net adjustments/write-backs of groups of assets being divested net of tax (+/-)	-69,927	0
- Other adjustments (+/-)	0	0
2 Liquidity generated/absorbed by financial assets	**345,219,875**	**-56,912,980**
- Financial assets held for trading	-14,440,345	-600,417
- Financial assets measured at fair value	0	0
- Other assets obligatorily measured at fair value	42,583,684	-54,340,891
- Financial assets measured at fair value with impact on total profits	137,521,933	-85,957,110
- Financial assets measured at amortised cost	238,532,570	78,844,855
- Other assets	-58,977,967	5,140,582
3 Liquidity generated/absorbed by financial liabilities	**-131,687,519**	**-18,624,689**
- Financial liabilities measured at amortised cost	-195,570,754	45,873,961
- Financial liabilities from trading	344,781	-596,075
- Financial liabilities measured at fair value	0	0
- Other liabilities	63,538,454	-63,902,575
Net liquidity generated/absorbed by operating assets	**268,596,824**	**-26,251,197**
B. INVESTMENT ACTIVITIES		
1 Liquidity generated by	**5,441,130**	**-9,895,226**
- Sale of equity investments	1,557,745	0
- Dividends received from equity investments	0	0
- Sale of property, plants and equipment	3,880,851	-9,899,211
- Sale of intangible assets	2,534	3,985
- Sale of subsidiary companies and branches of business	0	0
2 Liquidity absorbed by	**-11,473,576**	**-20,841,308**
- Purchase of equity investments	-265,863	-1,652,850
- Purchase of property, plants and equipment	-8,168,971	-17,078,411
- Purchase of intangible assets	-2,938,743	-2,110,046
- Purchase of subsidiary companies and branches of business	-100,000	0
Net liquidity generated/absorbed by investment activities	**-6,032,446**	**-30,736,534**
C. FUNDING ACTIVITIES		
- Issue/purchase of treasury shares	20,000,000	0
- Issue/purchase of capital instruments	10,000,000	3,000,000
- Distribution of dividends and other purposes	-1,200,084	-1,100,213
- sale/purchase of control shares by third parties	0	0
Net liquidity generated/absorbed by funding activities	**28,799,916**	**1,899,787**
NET LIQUIDITY GENERATED/ABSORBED DURING THE FISCAL YEAR	**291,364,293**	**-55,087,943**

Legend: (+) generated (-) absorbed

LINE ITEMS OF THE FINANCIAL STATEMENTS	Amounts	Amounts
	31/12/2023	**31/12/2022**
Cash and cash equivalents at the beginning of the fiscal year	**49,919,303**	**105,007,246**
Total net liquidity generated/absorbed during the fiscal year	291,364,293	-55,087,943
Cash and cash equivalents: effects of changes in exchange rates	0	0
Cash and cash equivalents at the close of the fiscal year	**341,283,596**	**49,919,303**

CONSOLIDATED EXPLANATORY NOTES

PART A – Accounting policies

A.1 – General part

Section 1 – Declaration of conformity to International Accounting Standards

The consolidated financial statements of Gruppo Bancario Cambiano (the Group) were prepared in compliance with the IAS/IFRS1 international accounting principles issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretation Committee (IFRIC) approved by the European Commission and in force at 31 December 2023, transposed into Italian law by Legislative Decree n. 38/2005 that exercised the option provided for by EC Regulation n. 1606/2002 on the matter of international accounting standards. The financial statements as at 31 December 2023 were prepared based on the instructions issued by Bank of Italy with Circular n. 262/05 “Banking financial statements: schedules and rules for preparation” updated to the 8th update of 17/11/2022. Said instructions establish obligatory schedule requirements for the financial statements and the respective methods of preparation, including compulsory contents of the Explanatory Notes. The financial statements are composed of the balance sheet, the income statement, the schedule of overall profitability, the cash flow statement, the schedule of variations to shareholders’ equity, and the explanatory notes, and are accompanied by a report on management. The schedules to the balance sheet and income statement are drawn up in Euro units and all other schedules and the tables in the explanatory notes are in thousands of Euros. The accounting standards adopted for the preparation of the Financial Statements for 2023, as regards the classification, recognition, measurement and derecognition of the various entries in the assets and liabilities, and the methods for recognition of revenues and costs, are unvaried with respect to the Financial Statements for 2022 with the exception of the changes made following the coming into effect, starting 1 January 2023, of the new accounting standards detailed below.

Document title	Date of publication	Effective as of
IFRS 17 Accounting principle– Insurance Contracts intended to replace the IFRS 4 accounting principle – *Insurance Contracts*. The aim of the new principle is to guaranty that an entity provides pertinent information that faithfully represents the rights and obligations deriving from issued insurance contracts. The IASB has developed this standard to eliminate incongruencies and weaknesses in existing accounting policies, providing a sole *principle-based* framework to account for all types of insurance contracts, including reinsurance contracts held by an insurer. The new principle also provides for presentation and information requirements to improve comparability between companies in this sector. The new principle measures insurance contracts on the basis of a *General Model* or a simplified version thereof, called the *Premium Allocation Approach* (“PAA”). The main characteristics of the *General Model* are: • estimations and hypotheses on future cash flows are always the current ones; • measurement reflects the time value of money; • estimations provide for an extensive use of information observable on the market; • there is a current and explicit measurement of risk; • expected profit is deferred and aggregated into groups of insurance contracts at the moment of initial measurement; • expected revenue is measured in the period of contract coverage, taking into account adjustments deriving from changes in the hypothesis regarding cash flows relative to each group of contracts. The PAA measures liabilities for residual coverage of a group of insurance contacts provided that, on initial recognition, the entity foresees that said liability reasonably represents an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications deriving from application of the PAA method do not apply to the measurement of liabilities for existing *claims*, that are measured using the *General Model*. Nevertheless, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year of the date in which the *claim* has been submitted, The entity must apply the new principle to issued insurance contracts, including issued reinsurance contracts, to held reinsurance contract and also to investment contracts with a *discretionary participation feature* (DPF). These changes have been applied starting 1 January 2023. The application of this principle and the relative amendment have not had any effects on the Bank’s financial statements.	18/05/2017	01/01/2023
Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information. This amendment is a transition option regarding comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities from insurance contracts, and	09/12/2021	01/01/2023

Document title	Date of publication	Effective as of
therefore at improving the usefulness of comparative information for anyone reading the financial statements. These changes have been applied starting 1 January 2023. The application of this principle and the relative amendment have not had any effects on the Bank's financial statements.		
Publication of the following amendments: "**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2**" and "**Definition of Accounting Estimates—Amendments to IAS 8**". These changes are aimed at improving the disclosure of accounting policies so as to provide information that is more useful to investors and other primary users of the financial statements, and also to help the company distinguish changes in accounting estimates from changes to accounting policy. These amendments have been applied starting 1 January 2023. The application of these amendments has not had any effect on the Bank's financial statements.	12/02/2021	01/01/2023
"Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". This document clarifies how to book deferred taxes arising from certain transactions that can generate assets and liabilities for equal amounts, such as lease transactions and dismantling obligations. These changes have been applied starting 1 January 2023. The application of these amendments has not had any effect on the Bank's financial statements..	07/05/2021	01/01/2023

As regards the specified Regulations, following the changes that came into effect on 1 January 2023, the Bank did not identify any effects of relevance regarding financial information as at 31 December 2023.

The table below contains the new international accounting principles, o changes to principles already in effect, the obligatory application of which will be effect starting 1 January 2024, or a subsequent date, that have not been adopted in advance.

Document title	Date of publication	Effective as of
On 23 January 2020, the IASB published and amendment titled "**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**" and on 31 October 2022 it published and amendment titled **"Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants".** These documents aim to clarify how to classify debts and other liabilities as short or long-term. These changes will be applicable starting 1 January 2024, but advance application is permitted. Company Administrators do not expect any significant effects in the consolidated financial statements of the Group, deriving from application of these amendments.	23/01/2020 31/10/2022	01/01/2024
"Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". This document requires a seller-lessee to measure lease liabilities arising from a sale & leaseback transaction so that it recognises no amount of the gain or loss related to the right of use that it retains. These changes will be applicable starting 1 January 2024, but advance application is permitted. Company Administrators do not expect any significant effects in the consolidated financial statements of the Group, deriving from application of these amendments.	22/09/2022	01/01/2024
Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules". This document introduces a temporary exception to obligations regarding the measurement of and information on deferred Tax receivables and liabilities related to the Pillar Two Model Rules, and provides for specific information obligations for entities affected by the relative International Tax Reform. The document provides for the immediate application of the temporary exception, while the information obligations will be applicable to to yearly financial statements starting 1 January 2023 (or subsequent thereto) but not to intra-annual financial statements with a closing date prior to 31 December 2023. As the Bank is not a first-time adopter, this exception is not applicable.	23/05/2023	01/01/2023 only for first time adopters
"Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". This document requires entities to provide additional information on reverse factoring agreements, to allow users of the financial statements to assess how financial agreements with suppliers can impact the liabilities and cash flows of the entity, and to understand the effect of such agreements on the entity's exposure to liquidity risk. The changes are applicable starting 1 January 2024, but anticipated application is permitted. The members of the Board do not expect any significant effects on the Bank's financial statements pursuant to application of this amendment.	25/05/2023	01/01/2024
On 30 January 2014, the IASB published the **IFRS 14 accounting principle – Regulatory Deferral Accounts** that allows only those adopting the IFRS for the first time to continue measuring amounts relative to rate-regulated activities ("Rate Regulation Activities") based on the previously adopted accounting principles. As the Bank is not a first-time adopter, this principle is not applicable.	30/01/2024	

The possible effects of the introduction of the aforementioned amendments is under review.

Section 2 – General principles for preparation

The financial statements are prepared in observance of the following general principles set forth in IAS 1:

- Going concern – The financial statements were prepared on a going concern assumption, regarding which there are no uncertainties;
- Accrual basis accounting – Revenues and expenses are booked, regardless of their monetary settlement, based on economic accrual and correlation criteria;
- Coherency in the presentation of the financial statements – The format and classification of the various items are kept the same from one financial year to the next, in order to guaranty the comparability of the information, save for changes required by an International Accounting Standard or an interpretation thereof, or even only so that another presentation or classification is deemed more appropriate in terms of relevance and reliability in the representation of the information;
- No compensation – Assets, liabilities, expenses and revenues are not compensated the ones with the others, unless required by an International Accounting Standard or by an interpretation or unless where expressly provided for by statement schedules for banks;
- *Relevance and aggregation* – Each relevant class of similar items is distinctly set out in the financial statements. Items that are dissimilar in terms of nature or destination are presented separately, unless they are irrelevant; The balance sheet and profit and loss account schedules are composed of line items (identified by Arabic numerals), by sub-line items (identified by letters) and by additional information details (the "of which" of line items and sub-line items). The line items, sub-line items and relative information details constitute the accounts of the financial statements. The schedules are conformant to those defined by Bank of Italy in Circular n. 262 of 22 December 2005 and subsequent updates. New line items may be added to the aforementioned schedules, if their content cannot be ascribed to any of the line items already provided for in the schedules, and only if the respective amounts are relevant. The sub-line items provided for by the schedules can be grouped together if one of the following two conditions exists:

  a) the amount of the sub-line items is irrelevant;

  b) grouping favours clarity of the financial statements; in this case, the explanatory notes will describe the sub-line items in the grouping, separately.

  Accounts that contain no amounts, neither for the fiscal year of the financial statements in question, nor for the previous year, are not shown in the balance sheet, profit and loss account, and schedule of overall profitability;
- *Prevalence of substance over form:* transactions and other events are measured and booked in conformity with their substance and economic reality, and not purely based on their legal form;
- *Comparative information*– Comparative information is provided for the previous reporting period for all data entries in the schedules to the financial statements, with the exception of cases where an International Accounting Standard or an interpretation thereof allows differently. Commentary information and descriptions are also provided, when they provide a better understanding of the respective data or schedule. Data relating to the previous fiscal year can be appropriately adapted, where necessary, to ensure comparability of information relative to the current fiscal year. Non-comparability, adaptation, or the impossibility thereof must be noted and commented in the Explanatory Notes;
- Periodicity of the information: the information must be prepared at least annually; if an entity changes the date of closure of its fiscal year, it must specify the reason for said change in date of closing of the fiscal year, and the fact that data are not comparable.

The Explanatory Notes are subdivided into parts. Each part of the Notes is broken down into sections, each of which illustrates a single aspect of operations management.

Statement of going concern

In compliance with the requirements of Consob, Bank of Italy, and Isvap joint Document n. 2 of 6 February 2009 regarding "Information to be provided in financial reports on going-concern, on financial risks, on controls to reduce the value of assets and on uncertainties in the use of estimations", as well as subsequent document n. 4 of 4 March 2010, has required the Board of Directors to conduct particularly accurate assessments as regards the existence of going concern. On this matter, paragraphs 25-26 of the IAS 1 accounting principle states that: "During preparation of the financial statements, company management must assess the capacity of the entity to continue to operate as a going concern. The financial statements must be prepared on a going concern basis, unless company management intends to liquidate the entity or interrupt operations, or has no realistic alternative thereto".
In this sense, the Board of Directors of the Parent Company has assessed the capacity of the Group and of the Bank to continue operating as a going concern.

As written in another section of the Report, on 20 March 2023 Bank of Italy transmitted the notification titled "Gruppo Bancario Cambiano. Decision on share capital. Notification of initiation of the procedure" that defines the setting of capital requirements applicable to the Group, resulting from the first prudential inspection process (Supervisory Review and Evaluation Process – SREP) in effect starting 30 June next.
The Group is proceeding as defined in the foresight analysis formulated in updating the 2023-2025 plan, that showed that the Group already disposes of equity levels sufficient to satisfy the capital requirements required by the aforementioned notification, even in the event of adverse scenarios.
During the 2023 fiscal year, initiatives to strengthen equity were completed, thanks to:

- A capital increase, during the first semester of 2023, with the subscription of € 20 million of share capital, completed by June 2023;
- The issue of an additional unredeemable debenture bond (AT1) of € 10 million in September 2023;
- The renewal of subordinate liabilities, authorised by Bank of Italy and completed with the issue of € 15 million in AT1 securities, in the second semester of 2023;
- Measures to improve the efficiency of RWA and the streamlining of the non-performing loan portfolio (transfer transactions carried out in December 2023 for an overall gross value of approximately € 40.9 million);
- The positive contribution of the profit for the fiscal year that registers revenue for € 21 million, also thanks to the positive trend of interest income.

In formulating the necessary assessments, and taking into account the foreseeable effects of interest rate trends in the Group's markets of reference, in addition to possible and significant repercussions deriving from the ongoing Russia-Ukraine conflict, while considering the risks and uncertainties associated to the macro-economic context, o on the basis of the information available at the date of preparation of these Financial Statements, the Board of Directors is reasonably certain that the Bank and the Group will continue operations in the foreseeable future, and has therefore prepared the financial statement on a going concern basis.

Areas and methods of consolidation

The consolidated financial statements of Gruppo Bancario Cambiano include the financial statements of Banca Cambiano 1884 S.p.A. and of the latter's subsidiary companies. Subsidiaries are intended as those companies in which the Parent Company, either directly or indirectly, holds more than half of the voting rights or when, albeit with a lower percent of voting rights, the Parent Company has the power to nominate the majority of directors of the company or to define the company's financial and operational policies. The assessment of the voting rights also takes into account the "potential" rights that can currently be exercised or converted into effective voting rights at any moment. Companies that are considered associates, and hence subject to considerable influence, are companies in which the Parent Company, either directly or indirectly, holds at least 20% of voting rights (including "potential" voting rights as described above) or in which – albeit with a lower percent of voting rights – it has the power to participate in determining the financial and management policies of the investee company by virtue of specific legal connections, such as participation in union agreements. Controlled equity investments are consolidated using the line-by-line method, while non-controlling interests are consolidated on the basis of shareholders' equity.

Consolidation criteria

The consolidated financial statements of Banca Cambiano 1884 S.p.A. include the financial and operating results of the Parent Company and of directly and indirectly controlled companies.
The new concept of control (IFRS 10 § 6) is based on the simultaneous existence of three elements:

- The power to manage significant activities, that is, activities carried out by the investee that can affects its returns;
- Exposure to the variability of returns deriving from the activity of the investee;
- Using powers to affect returns.

Companies in which the Parent Company either directly or indirectly holds more than half the voting rights are considered controlled companies (subsidiaries). However, the concept of control is considered present when the Parent Company simultaneously has power over the investee company. There must necessarily be a correlation between powers and returns that is manifest when there are valid rights that grant the Parent Company the actual ability to managing relevant activities or affect the investee's returns in a significant manner.
Jointly controlled companies are companies in which the voting rights and control over economic activities of the investee are shared jointly by the Parent Company, directly and indirectly, and another undertaking. Moreover, an investee is considered subject to joint control when, without there being equal proportion of voting rights, control of the investee's commercial activity and strategic policies is shared with other undertakings, by virtue of contract agreements. As at 31 December 2023 there are no jointly controlled companies in Gruppo Bancario Cambiano.

Companies in which the Parent Company, either directly or indirectly, holds at least one fifth of the voting rights (including “potential” voting rights) and in which the Parent Company has the power to participate in defining financial and management policies, are considered associated companies. Companies in which - albeit with a lower percent of voting rights – the Parent Company has the power to participate in determining the financial and management policies of the investee company by virtue of specific legal connections, such as participation in union agreements are also considered associated companies.

Methods of consolidation

As a rule, controlled equity investments are consolidated on a line-by-line basis, while those subject to joint control and non-control investees over which the Group exercises considerable influence, are consolidated on the basis of shareholders’ equity.

The reference criteria for line-by-line consolidation are the following: asset and liability items and the Income Statement are fully acquired “line-by-line”;

- Payables and receivables, off-balance sheet transactions, and income and charges, and profit and loss, originating from relations between companies within the scope of the consolidation are eliminated;
- The shares of shareholders’ equity and profit for the fiscal year attributable to third-party shareholders (minority interests) in the consolidated undertakings, are included in specific line items of the liabilities section of the Financial Statements and Income Statement;
- On initial consolidation, the carrying value of equity investments in fully or proportionately consolidated companies is cancelled against the shareholders’ equity of the same companies (that is, of the shares in equity that the same equity investments represent).
- Any variations in the ownership interest in a subsidiary are booked as capital transactions. Any difference between the value by which equity investments are adjusted and the fair value of the consideration paid (or received) must be recognised directly as a variation to equity and adequately allocated to minority shareholders;
- On a yearly basis (or every time there are write-downs in value) the adequacy of the value of goodwill is verified (so-called impairment test), as required by IAS 36. In order to meet regulatory obligations, the cash generating unit to which goodwill is to be allocated must be identified. The amount of any write-down in value is the negative difference between the booking value of goodwill and its recovery value, determined as the greater between the fair value of the cash generating unit, net of sale expenses, and the relative value of use. The consequent value adjustments are booked to the Income statement.

The shareholders’ equity requires that:

- The book value of relevant equity investments, held by the Parent Company, or by other Group Companies, pertaining to companies consolidated using the net equity method, must be compared with the pertinent share of equity of the investees. Any excess for the book value – on first application of the consolidated financial statements – is included in the booking value of the investees. Variations to equity that occur in years subsequent to that of first application, are recognised at line item 240 of the consolidated income statements (“profits and losses of equity investments”), to the extent in which the variations in question are attributable to profits or losses of the investees, and directly to shareholders’ equity for the residual amount. As regards the consolidation of equity investments in associated companies, where available, the draft financial statements as at 31 December 2023 approved by the respective Boards of Directors; these not being available, data from the last approved financial statements referring to 30 September 2023 are used;
- If there is evidence that the value of a relevant shareholding may have dropped, an estimation is made of the recoverable value of the shareholding in question, taking into account the current value of future cash flows that the shareholding may generate, including the ultimate disposal of the investment. If the recovery value is less than the book value, the relative difference is recognised in the Income statement.

Current regulations require that two perimeters of consolidation be managed:

- consolidation perimeter disciplined by IFRS 10 “Consolidated Financial Statements”, IAS 27 “Separate Financial Statements”, IAS 28 “Investments in associates and joint ventures” and, where pertinent, IFRS 11 “Joint Arrangements”, (all issued with EC Regulation n. 1254/2012 and effective as at 1 January 2014 and subsequent updates).
- Prudential consolidation perimeter disciplined by (EU) Regulation n. 575/2013 in which art. 19 provides instructions regarding the entities excluded by the scope of application of prudential consolidation.

The above regulations contribute, as mentioned, to the determination of the perimeters of consolidation and the methods by means of which the consolidation is to take place.

International accounting principles require that controlled equity investments (subsidiaries) be consolidated using the line-by-line method, while companies under joint control and non-controlled undertakings on which the Group exercises relevant influence (associates) be consolidated using the net equity method. Vigilance regulations (CRR),

in aforementioned art. 19, exclude from line-by-line consolidation financial institutions and special vehicle companies that area a part of the Banking Group, where total amount of assets and off-balance sheet items is less than the smaller of the following two amounts:
- € 10 million;
- 1% of the total amount of assets and off-balance sheet items of the parent undertaking or the undertaking that holds participation.

As at 31 December 2023, all the companies in the Group are consolidated using the line-by-line method.

Variations to the perimeter of consolidation
The perimeter of consolidation of the Banking Group has undergone the following variations with respect to the situation at 31 December 2022:
- ✓ Subsidiary companies:
  during 2023, the company Invest Italy SIM exited the perimeter of line-by-line consolidation, following the transfer of majority equity holdings in the same (88.50%). The residual share is still allocated in Financial assets measured at fair value with OCI option.
- ✓ Companies subject to relevant influence:
  during 2023, the following transactions were conducted:
- **Cabel IP S.p.A.** – During the month of March 2023, the transfer of Banca Cambiano equity holdings in Cabel IP spa – equal to 25.48% - to the company Fintech Scalapay active in the Buy Now Pay Later sector, was concluded, transferring n. 316 shares for an overall amount of € 144.839, and thereby realising a profit of € 99,483. As at 31 December 2023, the company is no longer within the Group's perimeter of consolidation.
- **Gardena Capital LTD** – On 24 May 2023, the Bank undersigned the contract for the transfer of equity interest held in Gardena Capital LTD – equal to 39% - to the company Kite Limited. The transfer, concluded during the month of May 2023, of n. 273,000 shares for an overall counter-value of € 260,000 generated a revenue of € 10,922.
- **Cabel Holding S.p.A.** – the equity and financial structure of the company is still involved in the following events:
  1) Sale of shares:
     On 4 May 2023, Cabel Holding undersigned an agreement with Quid Informatica SpA, aimed at transferring to the latter n. 2.014.286 shares in Cabel Industry, for the overall price of 5,000,000 euro, corresponding to approximately 2.48227 euro per share.
  2) Capital increase:
     At the time of the transfer, and within the scope of the agreements undersigned with Quid Informatica Spa, Cabel Industry promoted a capital increase of € 2,014,286, resolved by the shareholders' assembly on 23 May 2023, as attested to by the minutes drafted by the Notary Public Mr. Agostini in Milan (Rep. n. 87396, Racc. n. 18982); at that time, Cabel Holding (along with the other shareholders, including Banca Cambiano) waived the right to option pursuant to article 2441, and the capital increase was fully subscribed by the new shareholder, Quid Informatica SpA.

     Both the above transactions have had no impact on the income statement for the 2023 fiscal year, in that:
     - The transfer of shares outlined in point 1) above gave rise to a new capital loss of € 1,626,784.35, for which the Future Expenses Fund provided for in the financial statements at 31 December 2022, was used;
     - The capital increase outlined in point 2) above entailed the amount of € 5,000,000, including the premium, an amount lower than the corresponding value of the company's shareholders' equity; this gave rise to a write-back of the residual shares, amounting to 416,422.30 euro, that was therefore recorded in the accounts not through the entry of a capital loss, but through the corresponding use of the Future Expenses Fund specifically provided for in 2022, therefore without any impact on the 2023 financial statements.

     Due to the share capital fully subscribed by Quid Informatica S.p.A., as per point 2) above, the equity holdings of Banca Cambiano in Cabel Industry have decreased from 11.49% to 8.04%. Considering the reduction of the indirect share – that is, held through the shareholding in Cabel Holding – that decreased from 39.40% to 12.70%, the percent holding in Cabel Industry s.p.a. is reduced, from 50.89% to 20.74%.

Equity investments in controlled companies and significant interest companies (consolidated at shareholders' equity).

Name of the company	Head offices	Type of relationship	Investor	Share percent	Percent of voting rights
Immobiliare 1884 S.p.A.	Florence	Controlled	**Banca Cambiano 1884 S.p.A.**	100.00%	100.00%
Cambiano Leasing S.p.A.	Empoli	Controlled	**Banca Cambiano 1884 S.p.A.**	95.00%	95.00%
C. H. S.p.A.	Empoli	Significant influence	**Banca Cambiano 1884 S.p.A.**	49.60%	29.60%
Cabel Industry S.p.A.	Empoli	Significant influence	**Banca Cambiano 1884 S.p.A.**	8.04%	8.04%

Other information

For line-by-line consolidation of companies, the accounting statements prepared and approved by the individual companies as at 31 December 2023 were used. Group companies, subject to the application of national accounting principles, were required to prepare accounting schedules and data conformant to the International accounting standards applied in preparing the consolidated accounts.
For the consolidation of subsidiaries, using the net equity method, data referred to were the financial statement data as at 30/09/2023 of the subsidiary.

Section 3 – Events subsequent to the date of reference of the financial statements

Subsequent to the preparation of the financial statements closed on 31 December 2023, there were no particularly noteworthy events such as to require modifying any of the approved, adjusting any of the results or providing any additional information. For greater details on the events subsequent to 31 December 2023, please see the respective Section in the Board of Directors' report on management.

Section 4 – Other aspects

The Bank's financial statements were submitted to audit by the company Deloitte & Touche S.p.A.

Use of estimates and assumptions in the preparation of the financial statements for the fiscal year.

Preparation of the financial statements is also based on estimations and assumptions that may have significant effects on the values registered in the income statement, as well as on the information regarding potential assets and liabilities recorded in the financial statements.
Calculating these estimations implicates the use of the information available and the application of subjective evaluations also based on acquired experience, used for the purpose of formulating reasonable assumptions regarding the relevance of management events. By their very nature, the estimations and assumptions used may vary from one period to another; therefore, it is not inconceivable that in subsequent fiscal years the values registered in the financial statements may differ even significantly, following changes in the subjective evaluations applied.
The main items for which the use of subjective evaluations on the part of the Bank is mostly required are:

- The quantification of losses due to loss in value of receivables and, in general, of other financial assets;
- The determination of the fair value of financial instruments to be used for the purpose of information on the financial statements;
- The use of evaluation models to determine the fair value of financial instruments not traded on an active market;
- The evaluation of the congruity of the value of goodwill and of other intangible assets;
- The quantification of personnel funds and risk and expense funds;
- Estimations and assumptions regarding the recoverability of deferred Tax receivables.

The description of the accounting policies applied on the main financial statement aggregates provides the details and information necessary to identify the main subjective assumptions and evaluations used to prepare the fiscal year financial statements.
Within the scope of its policies regarding the management of receivables from customers for loans, the Group has adopted processes and methods to monitor loan trends in accordance with the provisions of sector regulations and internal regulations that govern the rules for classification and transfer to the various risk categories. In the classification process, also for the purpose of the resulting assessment of in bonis receivables, the Group has taken into consideration the unique context of macro-economic uncertainty deriving from the instability generated by the Russia-Ukraine conflict and from inflation rate stress.
To classify credit exposures by homogenous risk classes, the Group refers to sector regulations and internal regulations that govern the rules for classification and transfer, within the scope of the various risk categories. To determine the recoverable value of impaired receivables from customers measured at amortised cost, the Group, within the scope of its classification and assessment policies, has used assessment processes and methods characterised by elements of subjectivity and of estimation of certain variables, such as, mainly, forecasted cash

flows, expected recovery times and the expected realisable value of guarantees, where present, the modification of which could entail a modification of the final recoverable value.
For further, detailed information regarding the composition and the various booking values of items involved in the aforementioned estimations, please refer to the specific sections of the Explanatory Notes.
As regards the quantification of losses due to credit impairment, the Board of Directors of the Parrent Company Bank, in the meeting held on 28 December last, resolved to release the add-ons on energy-intensive businesses (equal to € 5.7 million as at 31/12/2022 for Banca Cambiano and € 537 thousand for Cambiano Leasing), introduced starting in the financial statements for the 2022 fiscal year, and replacing the management overlays calculated in the 2020 and 2021 fiscal years on Covid and government-backed loans, in light of the following considerations:

- Albeit the conflict between Russia and the Ukraine is ongoing, the energy crisis that the war generated and that characterised the 2022 fiscal period can currently be considered as essentially ceased;
- Since the introduction of the add-ons, to date a congruous time has lapsed (almost 12 months), such as to have allowed ascertaining any financial difficulty and the consequent classifications and evaluations of positions;
- The analysis of dynamics relative to Stage 2 has not brought to light a significant deterioration, in the time bracket of reference, of exposures falling within the perimeter of application of the add-ons on "energy-intensive" businesses;
- The concentration of add-ons of significant amounts on individual loans, broadly granted, closely monitored and recently also reviewed by the Board of Directors, with no irregularities during the period that can be traced back to the energy crisis at the base of the criteria for application of the management overlays;
- The updating, regarding measurements as at 31/12/2023 of forward-looking components, that include the macro-economic scenarios based on the most recent forecasts published by Bank of Italy, with reference to which the simulated impact on the portfolio of receivables at 30/11/2023 quantifies an increase in impairment loss on Stage 1 equal to about € 1.30 million, and an increase in impairment loss on Stage 3 unlikely to pay positions equal to € 1.77 million;
- The substantial return to normal operating conditions of the parameters at the base of the IFRS9 model, that first during the Covid period (2020-2021 fiscal years) and then the energy crisis period (2022) were not capable of intercepting the significant rise of credit risk due to the mass recourse to moratoria and the difficulty in finding data inherent to the energy expense of customer companies.

Given the uncertainty of the current economic situation, characterised by the pressure of inflation and the increased interest rates recorded during the year, for the 2023 fiscal period the Board of Directors has nevertheless resolved to continue to maintain an approach alternative to the mechanical application of the models (so-called Overlay Approach) used to calculate the ECL, in line with the process used in 2022 for "energy-intensive" businesses, and in the previous two-year period of the Covid-19 pandemic, providing for the inclusion of specific add-ons on impairment losses in order to capture the expected effects of the increased interest rates on the banking portfolio.
To this end, a perimeter of positions most affected by the current economic situation has been identified, and the relative criteria for calculation of management overlays has been defined, as detailed here following:

- Private individuals, joint-name companies and individual companies classified in Stage 1 who undersigned floating rate instalment loans before 2023 and that during the year have registered average payment delays equal to at least five days. For these positions, the calculation of the management overlay is based on the simulation of a "shift" in the risk class with application of an impairment loss equal to that which they would have had, if they had been classified in Stage 2;
- Private individuals, joint-name companies and individual companies classified in Stage 2 who undersigned floating rate instalment loans before 2023 and that during the year have registered average payment delays equal to at least one day. For these positions, the calculation of the management overlay is based on the simulation of a "shift" in the risk class with application of an impairment loss equal to that which they would have had, if they had been classified as impaired past-due (Stage 3);
- Loans backed by commercial real estate properties that, following the rise in interest rates, are less appealing on the real estate market and for which a loss in value is estimated in 2024. For these positions, the calculation of the management overlay is based on the application of the Loss Given Default dedicated to un-secured positions, in lieu of the one dedicated to positioned guaranteed by real estate property.

The calculation of management overlays on loans to companies secured by commercial real estate properties, in particular, is based on the sector reports issued by the European Central Bank, in which it is ascertained that commercial real estate transactions decreased by 47% during the first half of 2023 as compared to the same

period of the previous year, and that the largest listed real estate property holders are exchanged with a discount of over 30% as compared to the net equity value.
As regards the Bank's credit portfolio as at 31/12/2023, the application of criteria for the calculation of the management overlays that have been identified has entailed an increase of impairment loss on Stage 1 equal to approximately € 550 thousand, and an increase in impairment loss on Stage 2 equal to approximately € 1.94 million, resulting in an overall add-on of € 2.49 million.
In particular, the calculation of management overlays based on a simulated "shift" of the class risk for the identified private individuals, joint-name companies and individual companies resulted in an overall add-on between Stage 1 and Stage 2 equal to € 2.12 million, while the calculation of management overlays based on the application of the Loss Given Default dedicated to positions not secured by commercial real estate property resulted in an overall add-on between Stage 1 and 2 equal to € 366 thousand.
In addition to the impact on impairment losses of the application of the add-ons explained above, it is necessary to also consider the additional effects due to the updating of the macro-economic scenarios based on the most recent forecasts published by Bank of Italy (so-called Forward-Looking components), with reference to the month of December 2023. These updates have resulted in a rise in impairment loss equal to € 1.30 million on Stage 1 and € 1.77 million on Stage 3, allocated on watchlist positions.
In accordance with the guidelines of the Parent Company, Cambiano Leasing, that has no significant exposures with private individuals, has calculated management overlays to lease agreements on commercial real estate properties, applying a specific pejorative Loss Given Default on loans secured by commercial real estate. This application resulted in an overall add-on, at 31 December 2023, of 651 thousand/Euro.

Option for the consolidated financial statements
Starting from the 2017 fiscal year, Ente Cambiano exercised the option for the "national consolidated tax return", disciplined by articles 117-129 of the TUIR (Italian Tax Consolidation Act) and introduced by Legislative Decree n. 344/2003 and subsequent amendments. This is an optional taxation system, which is binding for three years, by virtue of which the subordinate member companies transfer their economic results to the controlling company, only for tax purposes, which then registers a sole taxable income or tax loss.
The effects of the consolidated tax return are booked in the line item "Other assets - receivables from Group companies due to tax consolidation" as accounting contra-entry for line item "Current tax liabilities" for IRES (income tax) allocations made by the consolidated companies gross of withholdings and pre-paid amounts.
The line item "Other liabilities – payables to Group companies for tax consolidation" represents the accounting contra-entry of line item "Current tax receivables" for pre-paid IRES (income tax) amounts and withholdings paid by companies included in the tax consolidation, who transferred said amounts to the consolidating company.

A.2 – Part related to the principle line items of the financial statements

1. Financial assets measured at fair value with impact on profit and loss account (FVTPL)

Classification criteria
This line item includes all financial assets other than those classified in the portfolio of financial assets measured at fair value with impact on total profits and in the portfolio of financial assets measured at amortised cost. Specifically, this line item includes:

- financial assets held for trading, represented by debt securities, capital securities, lending, shares of CIUs and the positive fair value of derivative contracts, purchased and held for sale in the short-term to generate revenue from trading. This category also includes capital instruments, not qualified as control, joint-control or connection and for which were not designated at fair value with impact on total profits on initial measurement;
- assets measured at fair value, such as debt securities or lending, as defined at the moment of initial measurement, were the prerequisites required by IFRS 9 do not exist;
- other financial assets obligatorily measured at fair value, represented by debt securities, lending and shares of CIUs, that do not meet the requirements for measurement at amortised cost or at fair value with impact on total profits. These are, substantially, financial assets with contract terms that do not allow passing the so-called "SPPI test" or that are not held within the framework of a "Held to Collect" or "Held to Collect and Sell" business model".

The general rules regarding the reclassification of financial assets outlined by IFRS 9 do not allow reclassification of financial assets in other categories unless the entity modifies its business model for the management of financial assets. In such cases, not frequent however, the financial assets may be reclassified from the current category in one of the other two categories provided for by the principle (financial assets measured at amortised cost or financial assets measured at fair value with impact on total profits) and the carrying amount will be represented by the fair value at the moment of reclassification. The effects of the reclassification will be prospective starting from the date

of reclassification In this case, the effective interest rate of the reclassified financial asset is determined based on its fair value at the date of reclassification and this date is considered the date of initial measurement for allocation to the various credit risk stages for the purpose of impairment.
For more information regarding financial asset classification criteria, please consult the next section, "Financial asset classification criteria".

Recognition criteria

Financial assets are initially recognised at the date of settlement for debt securities, at the date of granting for lending and at the date of undersigning for derivative contracts. Financial assets measured at fair value with recognition of income effects through profit and loss are initially recognised at their fair value, which generally corresponds to the amount paid. Any costs/income for the transaction directly attributable to the instrument itself, incurred or collected in advance and that do not represent recovery of expenses (such as brokerage fees, placement, stamp duties, etc.) are instead recognised in the income statement.

Measurement criteria

Subsequent to initial recognition, financial assets measured at fair value with recognition of income effects through profit and loss are valued at fair value. The effects of the application of this measurement criteria are allocated to the Income Statement. The fair value of financial assets listed in active markets is determined with reference to market listings. In the absence of an active market, estimates and measurement models are used that take into account all the risk factors correlated to the instruments. For capital securities and derivative instruments based on capital securities, that are not listed on an active market, cost is used to estimate fair value only residually and limited to just a few circumstances.

Derecognition criteria

Financial assets are derecognised when the contract rights on cash flows deriving from the assets in question expire, or when the sale of the assets has substantially transferred all the related risks and benefits.

Criteria for recognition of income components

Profit and loss deriving from variations in fair value of financial assets held for trading are recognised for overall "imbalance" at line item 80 "Net trading result" in the income statement, including those relative to derivative instruments, while profit and loss deriving from variations in fair value of financial assets measured at fair value and financial assets obligatorily measured at fair value are recognised for overall "imbalance " at line item 110, including the results of measurement at fair value of such assets.

2. Financial assets measured at fair value with impact on total profits (FVOCI)

Classification criteria

This category includes debt securities and loans that meet two requirements: they are held based on a "Held to Collect and Sell" business model and the contract terms provide for cash flows represented solely by repayment of principal and interest, so the so-called "SPPI test" is passed. In order for a financial asset to be classified in this category or in the category of financial assets at amortised cost (see the next point), in addition to satisfying the business model requirement for which it was purchased, the contract terms of the asset itself must provide for cash flows represented solely by repayment of principal and interest on principal amount to be repaid at fixed dates ("Solely Payment of Principal and Interest" - SPPI). The SPPI test must be performed on recognition of the asset in the balance sheet while, subsequently to initial recognition and as long as the asset is booked in the balance sheet, it is no longer subject to new measurement for the purpose of the SPPI test. This line item also includes capital instruments not held for trading for which, on initial recognition, the option to recognise at fair value with impact on total profits was exercised.
For greater information regarding the classification criteria for financial instruments, please consult the next section, "Classification criteria of financial assets".

Recognition criteria

Financial assets measured at fair value with impact on total profits are recognised in the balance sheet at fair value, which generally corresponds to the paid amount. Any trading costs/income directly attributable to the asset, incurred or received in advance and that do not represent recovery of expenses, are capitalized on the initial value.

Measurement criteria

Subsequent to initial recognition, assets classified at fair value with impact on total profits continue to be measured at fair value. For capital securities not listed on active markets and included in this category, the cost criterion is used to estimate the fair value only residually and limited to a small number of circumstances.

Derecognition criteria

Financial assets are derecognised when the contract rights on cash flows deriving from the assets in question expire, or when the sale of the assets has substantially transferred all the related risks and benefits.

Criteria for recognition of income components

As regards debt securities, gains/losses are recognised in shareholders' equity reserves until the financial asset is derecognised, save for the effects of impairment and any exchange rate effect, which are recognised in the income statement. On disposal, the cumulative gains or losses are recognised in the income statement under item 100 "Gains/losses from disposal or repurchase". Loss in value is booked at line item 130 of the income statement "Net adjustments/write-backs due to impairment". Increases in value due to the passage of time are booked in the income statement as earned interest. Capital instruments for which the option to classify in this category has been exercised, are recognised at fair value (or, residually, at cost if the fair value cannot be calculated) and the amounts booked as a contra-entry for shareholders' equity will not be transferred to the income statement, even if they are sold. As provided for by IFRS 9, the only component connected to these instruments that is recognised in the income statement is represented by the respective dividends.

3. Financial assets measured at amortised cost

Classification criteria

This category comprises financial assets that meet both the following requirements:
- the objective of the business model based on which the financial asset is held is the collection of contractual cash flows (Business model "HTC");
- the contractual terms of the financial asset provide solely for repayment of principal and payment of interest on the amount of principal to be repaid at fixed dates (so-called "SPPI test" passed).

More specifically, this line item includes:
- lending to banks that meets the above requirements;
- lending to customers that meets the above requirements;
- debt securities that meet the above requirements.

Based on the general rules set out in IFRS 9 regarding the reclassification of financial assets reclassification to other categories of financial assets is permitted only if the entity changes its business model for management of financial assets. In such cases, which are expected to be highly infrequent, financial assets may be reclassified from the category of financial assets measured at amortised cost to one of the other two categories provided for by IFRS 9, "Financial assets measured at fair value with impact on total profits" or "Financial assets measured at fair value with recognition of income effects through profit and loss". The carrying amount is represented by the fair value at the reclassification date and the effects of the reclassification shall be prospective starting from the reclassification date. Gains and losses resulting from the difference between the amortised cost of the financial asset and the respective fair value are recognised in the income statement in case of reclassification to "Financial assets measured at fair value with recognition of income effects through profit and loss" and in Shareholders' equity, in the specific revaluation reserve, in case of reclassification to "Financial assets measured at fair value with impact on total profits". For more information regarding financial asset classification criteria, please consult the next section, "Financial asset classification criteria".

Recognition criteria

Financial assets are initially recognised at the date of settlement as regards debt securities and at the date of disbursement as regarding loans. On initial recognition, assets are booked at fair value, comprehensive of transaction costs or income directly attributable to the instrument itself.

Measurement criteria

Subsequent to initial recognition, these assets are measured at amortised cost using the effective interest rate method. Thus, the asset is recognised in the balance sheet for an amount equal to the initial value of recognition less repayment of principal, plus or minus cumulative amortisation (calculated using the above-mentioned effective interest rate method) of any difference between the amount disbursed and the amount payable on maturity (typically comprising costs/revenues attributable directly to the asset) and adjusted based on any hedging for losses. The effective interest rate is determined by calculating the rate equal to the current value of future cash flows for the asset, both principal and interest, on the sum disbursed, comprehensive of costs/revenues attributable to the asset itself. This accounting method, based on financial logic, allows distributing the economic effect of costs/revenues directly attributable to a financial asset along its entire expected residual life. The amortised cost method is not used for short-term assets measured at historic cost where discounting is deemed to have a negligible effect, for those with a fixed payment date and for those that are repayable on demand. Measurement criteria are closely connected to the inclusion of the instruments in question in one of the three credit risk stages provided for by IFRS 9, the last of which (stage 3) comprises impaired financial assets, while the first two (stages 1 and 2) comprise performing financial assets. As regards the booking of the aforementioned measurement effects, the value adjustments related to this type of asset are booked to the income statement:
- on initial recognition, for an amount equal to the expected loss at twelve months;

- on the next valuation of the asset, where the credit risk has not increased significantly with respect to initial recognition, in relation to the amount of value adjustments for expected losses over the next twelve months;
- on the next valuation of the asset, where the credit risk has increased significantly with respect to initial recognition, in relation to the amount of value adjustments for expected losses over the asset's entire residual contractual life;
- on the next valuation of the asset, where the credit risk has increased significantly with respect to initial recognition, where the "significance" of the increase has subsequently ceased to exist, in relation to the correction of cumulative value adjustments to take into account passing from expected loss over the entire residual life-time of the instrument to expected losses over a period of twelve months. If the financial assets in question are performing assets, they are subject to valuation, aimed at defining the value adjustments to be recognised in the balance sheet, as individual receivables or securities, based on parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD) specifically provided for by the IFRS 9 accounting principle. If, in addition to a significant increase of the credit risk, there is also objective evidence of a loss of value, the amount of the write-down is measured as the difference between the balance sheet value of the asset, classified as "impaired", as for all other positions with the same counterparty, and the current value of expected future cash flows, discounted by the original effective interest rate. The amount of the write-down, to be recognised in the income statement, is defined based on an analytical measurement process or determined by category and, therefore, analytically attributed to each position and takes into account forward looking information and possible alternative recovery scenarios.

Impaired receivables include financial instruments those that are considered non-performing, probably non-performing or overdue/past-due for more than ninety days, as per Bank of Italy regulations, in compliance with IAS/IFRS and European regulatory regulations. Expected cash flows take into account forecast recovery times and the estimated realizable value of any collateral. If the reasons for write-down are removed following an event occurring subsequent to recognition of the write-down, write-backs are entered in the income statement. Value recovery cannot exceed the amortised cost that the financial instrument would have had without the previous adjustments. Reversal of impairment loss due to value recoveries connected to the passage of time are booked to the income statement. In some cases, during the life of the financial assets in question and, specifically, of receivables, the original contractual conditions are modified by the contract parties. If the contractual clauses are modified during the life-span of a financial instrument, it must be ascertained whether the original asset must continue to be recognised in the balance sheet or if, to the contrary, the original asset should be derecognised, with recognition of a new financial instrument. In general, changes to a financial asset lead to derecognition of the asset and recognition of a new asset when the changes in question are "substantial". The analyses (qualitative and quantitative) aimed at defining the "substantiality" of contract modifications made to a given financial asset must, therefore, take into account the reason for the changes in question, for example, renegotiation for commercial reasons and renegotiation for financial difficulty of the counterparty. The first type of renegotiation, aimed at "holding onto" the customer, involve a borrower who is not in financial difficulty. These situations include all renegotiations aimed at adjusting the burden of the debt to market conditions. These operations entail a variation of the original contract conditions, usually by requested by the borrower, regarding aspects related to the cost of the debt, with a consequent economic benefit for the same borrower. Generally speaking, it is our opinion that every time the bank renegotiates in order to avoid losing a customer, the renegotiation should be considered substantial in that, were it not carried out, the customer could seek financing from another broker and the bank would suffer a loss of expected future revenue. The second kind, carried out for "credit risk reasons" (forbearance measures), are the bank's attempt to maximize recovery of the cash flow of the original receivable. The underlying risks and benefits, subsequent to the changes, are generally not transferred and, consequently, the accounting representation that provides the most relevant information for balance sheet interpretation is through "modification accounting", that entails recognition in the income statement of the difference between booking value and current value of the modified cash flow discounted by the original interest rate and not through derecognition.

Derecognition criteria

Financial assets are derecognised only if the sale of the assets has substantially transferred all the related risks and benefits. Contrarily, if a significant amount of risks and benefits related to sold financial assets is retained by the transferor, the assets in question will continue to be recognised on the balance sheet, even though the official title has been transferred. If ascertaining the substantial transfer of risks and benefits is not possible, the financial assets are derecognised from the financial statements if no control whatsoever is retained over the assets in question. Contrarily, retention, even in part, of control entails recognition of the assets in the balance sheet for the amount equal to the residual participation, measured by exposure to changes in value of the transferred assets and to the variations of asset cash flows.

Recognition of income components
As regards instruments measured at amortised cost (receivables from banks and receivables from customers), interest is calculated using the effective interest rate, that is, the rate that exactly discounts cash flows during the expected life of the instrument (IRR rate).
The IRR, and therefore the amortised cost, are determined taking into consideration any discounts or premiums on purchase, costs or fees that are an integral part of the amortised cost.
Interest on impaired receivables are calculated on the net exposure of the Expected Credit Losses.
Value adjustments or write-backs, deriving from the Expected Credit Losses model that has been adopted, are booked in the income statement at line item "Net adjustments/write-backs due to impairment".
Any amounts deriving from adjustments made to book values for financial assets so as to reflect the modifications made to contract cash flows that do not result in booking derecognition, are booked in the income statement within the item "Profit/losses due to contract modifications without derecognition".

4. Hedges

Banca Cambiano 1884 s.p.a. avails itself of the faculty, provided for on introduction of the IFRS 9 accounting principle, to continue to fully apply the provisions of the IAS 39 accounting principle regarding hedge accounting for all types of hedging transactions.
Classification criteria
Risk hedging transactions are aimed at neutralising potential losses, attributed to a given risk and measured on a given element or group of elements, where the particular risk in question should manifest itself. The following types of hedging transactions are used:
- fair value hedging aims to hedge exposure to changes in the fair value of assets and liabilities entered on the balance sheet, or quotas thereof, as permitted by IAS 39 and approved by the European Commission. General hedging of fair value ("macro hedge") aims to reduce fluctuations, in the fair value, attributable to interest rate risks, of a monetary amount, deriving from a portfolio of financial assets or liabilities;
- cash flow hedging aims to hedge exposure to variations in future cash flow attributable to specific risks associated to balance sheet items;
- currency investment hedging refers to hedging foreign currency exposure of investments in foreign enterprises.

Recognition criteria
Hedge instruments, like all derivatives, are initially recognised and subsequently measured at fair value.
Measurement criteria
Hedge instruments are measured at fair value. For fair value hedges, fair value variations of the hedged element are offset by the fair value variations of the hedging instrument. This compensation is recognised by entry in the income statement of the variations in value, of both the hedged element and the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, is therefore the net economic effect. For generic fair value hedges ("macro hedge"), the fair value variations referred to the hedged exposure of the assets and liabilities being hedged are allocated to overall profitability, respectively to line item 60, "Adjustment of value of generic hedges for financial assets" or to line item 50 "Adjustment of value of generic hedges for financial liabilities". As regards cash flow hedges, variations in the fair value of the derivatives are allocated to shareholders' equity, for the effective quota of the hedge, and are recognised in the income statement only when, with reference to the hedged item, there are cash flow variations to be offset of if the hedge is ineffective. Currency investment hedges are booked in the same way as cash flow hedges. The derivative instrument is designated as a hedge if the hedge relationship between the hedged instrument and the hedging instrument is formally documented and if it is effective from the time hedging initiates and, prospectively, for its entire duration. Hedge effectiveness depends on the extent to which variations of fair value of the hedged financial instruments of relative expected cash flows are offset by those of the hedging instrument. Therefore, effectiveness is determined by comparing the above variations, taking into the account the intent of the company when the hedge was initiated. A hedge is effective when the variations in fair value (or in the cash flows) of the hedge financial instrument almost entirely sterilize, that is within the range of 80-125%, the variations of risk of the hedged instrument. An effectiveness test is conducted at the close of financial statements. The measurement of effectiveness is performed at each balance sheet closing date. If a generic fair value generic hedge relationship is interrupted, cumulative adjustments/write-downs entered at line item 60 "Adjustments of value of generic hedges for financial assets" or 50 "Adjustment of value of generic hedges for financial liabilities" are recognised in the income statement as earned interest or interest expenses for the residual duration of the original hedging relationship, provided that the hedging requirements continue to exist.

5. Equity investments

Classification criteria

Shareholdings that entail control, joint control or significant influence are allocated to the equity investments portfolio. Control is presumed when more than 50% of the voting rights that can be exercised at shareholders' meetings are held, either directly or indirectly. Significant influence is exercised when the investor company holds, directly or indirectly, a share equal to or greater than 20% of the voting rights. Significant influence is also exercised in the case of a holding of less than 20% when the following circumstances exist: a) representation on the board of directors; b) participation in the decision-making process with reference to decisions regarding dividends; c) there are major operations between the investor and the subsidiary. Joint control is when voting rights and control of the subsidiary is shared with other undertakings.

Recognition criteria

The line item includes equity investments in subsidiaries, jointly held companies or companies subject to significant influence. At the time of initial recognition, such equity investments are recognised at purchase cost, supplemented by directly attributable costs.

Measurement criteria

Equity investments are measured with continuity using the "equity" method. Equity investments in subsidiaries, jointly held companies or companies subject to significant interest are measured at cost, and the accounting value increases or decreases to reflect the share of subsidiary profits or losses, realized after the purchase date, to which the shareholder is entitled. The dividends received from a subsidiary reduce the accounting value of the shareholding. Adjustments to the accounting value might be required due to modifications of the share owned by the investor in the subsidiary, deriving from modifications of the shareholders' equity of the investee.

Derecognition criteria

Financial assets are derecognised when the contractual rights to the cash flows deriving from such assets expire or when the financial asset is sold, transferring all of the risks and benefits connected to it.

Criteria for recognition of income components

Dividends paid by the subsidiary and generated subsequent to the purchase date are allocated to line item 220 of the income statement, "Profit/loss from equity investments". The result of the measurement of "shareholders' equity" are recognised in line item 220 of the income statement, "Profit/loss from equity investments" when they were included in the income statement of the subsidiary; when, instead, they were not included in the income statement of the subsidiary, they are allocated to Liability line item 110 "Valuation reserves". Profit or loss deriving from the sale of equity investments are recognised in line item 220 of the income statement, "Profit/loss from equity investments".

6. Property, plants and equipment

Recognition criteria

Property, plants and equipment, both instrumental and not, are initially recognised at a value equal to the cost, comprehensive of all costs directly connected to the putting into use of the asset and non-recoverable purchase taxes and duties. The value is subsequently increased of costs incurred for which future benefits are expected. The costs of ordinary maintenance on the asset are recognised in the income statement of the year during which they are incurred.

Measurement criteria

After initial recognition, property, plant and equipment are recognised in the financial statements at cost net of accumulated depreciation and losses of value. Property, plants and equipment are systematically depreciated in every fiscal year based on their useful life, using the straight-line method. The following categories are not subject to depreciation:

- Land, be it purchased separately or incorporated in the value of buildings, in that considered assets with an indefinite useful life. If the value of the land is incorporated in the value of the buildings, it is considered an asset separable from the real properly; the value of the land is separated from the value of the buildings, determined on the basis of specific independent expert appraisals only for "from the earth to the sky" buildings";
- Art work, which has an indefinite useful life and a value that is generally destined to increase over time.

The depreciation process begins when the asset becomes available for use.

Property, plants and equipment purchased through financial leases

IFRS 16 is based on the concept of transfer of the right to use a leased asset; therefore, the contract is, or contains, a lease if, in exchange for compensation, it confer the right to control use of a specific asset for a given period of time. This concept broadens the scope of application of the standard that was adopted to book rental, hire, lease and other similar agreements. The standard cancels the accounting dualism between financial leases and operating leases for lessees, defining a single accounting model that requires recognising:

- A right of use in the assets of the balance sheet (Right of Use, RoU);
- A lease liability in the liabilities of the balance sheet (Lease Liability, LL);
- In the income statement, the amortisation of the right of use and the financial charges calculated on the lease liability.

At initial recognition, the lease liability is equal to the current value of payments due for the lease, discounted at the implicit rate of interest for the lease, where it can be calculated easily, or alternatively at the Bank's incremental borrowing rate. At initial recognition, the right of use is equal to the initial measurement of the lease liability, increased of the payments due for the lease settled at or prior to the date of coming into effect, net of lease incentives, initial direct costs incurred by the lessee and the estimated costs that the lessee will have to sustain to dismantle or remove the asset or restore it to the conditions provided for in the contract. The right of use and the lease liability must be booked in property, plants and equipment and the lease liability at amortised cost.

Derecognition criteria

Property plants and equipment are derecognised when sole or retired from use or when subsequent to sale it is not expected to generate future economic benefits.

Criteria for recognition of income components

Systematic depreciation is allocated to the income statement at the line item "Net adjustments/write-backs of value to property, plants and equipment". In the fiscal period in which the asset is recognised for the first time, the depreciation rate applied takes into account the date in which the asset is available for use. Gains and losses deriving from disposal of property, plant and equipment are calculated as the difference between the net sale price and the asset's carrying amount, and are recognised in the income statement at the same date as the write-off from accounts. The line item "Gains/losses on disposal of investments" is the balance, positive or negative, between gains and losses from the disposal of property, plant and equipment.

7. Intangible assets

Classification criteria

Intangible assets include non-monetary assets without physical substances held to be used for a multi-year or indefinite amount of time, which meet the following characteristics:

- identifiable;
- under control of the company;
- capable of generating probable future economic benefits for the company;
- the cost of the asset may be measured reliably.

Lacking one of the aforementioned characteristics, the cost to purchase or generate the same internally is registered as a cost in the fiscal year in which it was sustained. Intangible assets include, in particular, application software for multi-year use and other identifiable assets that arise from legal or contractual rights. Expenses for improvements to third party assets (branch offices being rented) were recognised in Asset line item 120 "Other assets"; the relative amortisation was proportional to the duration of the leases. Within the scope of a company merger, the IFRS3 principle establishes that at the date of purchase of the control, the purchaser must classify or designate the purchased intangible assets. As regards the definition of intangible elements, the principle identifies intangible elements purchased in company merger as identifiable non-monetary assets with no physical substance. Goodwill is represented by the positive difference between the purchase cost and the fair value of assets and liabilities acquired within the scope of the company merger.

Recognition criteria

Intangible assets are recognised at cost, adjusted for accessory costs sustained to prepare for use of the asset. Within the scope of a company merger, the purchaser must classify or designate the intangible assets acquired, and recognise them at fair value. Goodwill, recognised in the assets at the date of purchase, is initially valued at cost. On a yearly basis, or any time there is evidence of impairment, an impairment test will be carried out on the adequacy of goodwill, in conformity with the provisions of IAS n. 36. The amount of the impairment loss is calculated as the negative difference, if any, between the goodwill value recorded and its recoverable amount. This recoverable amount is equal to the greater between the fair value of the cash-generating unit, net sale price of the asset, and its usage value. The resulting value adjustment are recognised in the income statement at item "Adjustments to value of goodwill". Any impairment loss recognised for goodwill cannot be derecognised in the subsequent fiscal year.

Measurement criteria

Subsequent to initial recognition, intangible assets of limited duration are recognised at cost, net of accumulated amortisation and of accumulated impairment loss. Amortisation begins when the asset becomes available for use, that is to say, when it is in the appropriate place and in suitable conditions to operate in the expected manner, and ceases when the asset derecognised. Amortisation is calculated using the straight-line method, so as to reflect the multi-year use of the asset based on the estimate made of the residual useful life. At the end of each fiscal year, if there is evidence of impairment, the recoverable value of the asset is estimated. The write-down, recognised in the income statement, is equal to the difference between the asset's carrying amount and its recoverable value.

Derecognition criteria

Intangible assets are derecognised from the balance sheet upon disposal or when no future economic benefits are expected.

Criteria for recognition of income components

Both the amortisation amounts, and any adjustments/write-backs due to the impairment of intangible assets, other than goodwill, are allocated to line item "Net adjustments/write-backs of intangible assets" of the income statement. Value adjustment for goodwill are allocated to line item "Adjustments to value of goodwill". Gains and losses deriving from disinvestment or disposal of intangible assets are calculated as the difference between the asset's net sale price and carrying amount and are recognised in the income statement. The item "Gains (losses) from the disposal of investments" includes the balance, positive or negative, between gains and losses from the disposal of investments.

8. Other assets

Other assets essentially include items awaiting allocation and entries that cannot be allocated to other line items of overall profitability, among which, receivables deriving from the supply of non-financial goods and services, fiscal entries other than those allocated to the respective line item, and accrued income and prepayments other than those capitalized on the respective financial assets. The Bank has included among other assets tax receivables for tax bonuses purchased on disposal by the direct beneficiaries or previous purchasers, connected to the "Cura Italia" and "Rilancio" decrees (refer to the section "other information").

9. Noncurrent assets or groups of assets/liabilities in the course of divestment

This item includes noncurrent assets destined to be sold. These assets are measured at the lesser value between the booking value and fair value, net of sale expenses. If they have been subject to amortisation, this process also ceases with the sale. As they are sold operating elements, balance sheet items and the relative economic results are shown separately in the balance sheet and in the income statement. As at the date of these financial statements, the Bank holds no assets that fall under this category.

10. Current and deferred taxes

The Group calculates current, deferred and pre-paid income tax based on current tax rates, and taxes are recognised in the income statement, with the exception of taxes relative to line items credited or charged directly to shareholders' equity. Provisions for incomes taxes are calculated based on forecasts of current, pre-paid and deferred tax charges. Pre-paid and deferred taxes are calculated based on the momentary differences and without time limits between the value attributed to an asset or liability according to civil law criteria and the corresponding values taken for tax purposes. Pre-paid Tax receivables are booked to the balance sheet to the extent in which there is a possibility of recovery, measured on the basis of the capacity of the company involved or of the controlling company to continue to generate taxable income in future fiscal years, taking into account the effect of the exercising of the option regarding "national tax consolidation". Deferred tax liabilities are booked in the balance sheet in that the available taxed reserves are such that it may reasonably be held that transactions that require their taxation will not take place Pre-paid and deferred Tax receivables are recorded in the balance sheet, without offsets, respectively as "Tax receivables" and "Tax liabilities". Assets and liabilities booked for pre-paid and deferred taxes are systematically measured to take into account possible modifications in tax legislation or rates.

11. Risk and expense funds

Risk and expense funds for commitments and issued guarantees

This sub-item in risk and expense funds includes provisions for commitments to disburse funds and issued guarantees that fall within the perimeter of application of impairment regulations pursuant to IFRS 9. For these cases, le same allocations methods are adopted for the various credit risk stages and calculation of losses as already described in reference to financial assets measured at amortised cost or at fair value with impact on overall profitability. This aggregate also includes risk and expense funds for other types of commitments and issued guarantees which, due to their unique nature, do not fall within the scope of application of impairment according to IFRS 9.

Other risk and expense funds

Provisions regarding legal obligations or obligations connected to work relationships or controversies, including tax claims, originating from a past event and for which the use of economic resources to fulfil the obligations

themselves is probable, provided that it is possible to obtain a reliable estimation of the relative amount. Consequently, the recognition of a provision occurs if and only if:
- there is a current obligation (legal or implicit) resulting from a past event;
- it is probable that, in order to fulfil the obligation, it will be necessary to use resources to produce economic benefits;
- a reliable estimation can be made of the amount deriving from fulfilment of the obligation.

The amount registered as provision represents the best possible estimate of the resources required to settle the existing obligation as at the date of reference of the financial statements and reflects the risks and uncertainties that inevitably characterize a plurality of facts and circumstances. The provision is reversed when the use of resources to produce economic benefits required to fulfil the obligation becomes improbable or when the obligation is extinguished. The line item also comprises long-term benefits to employees, that are determined using the same actuarial criteria as those used for severance funds. Actuarial gains and losses are all immediately recognised in the income statement.

12. Financial liabilities measured at amortised cost

Classification criteria

Payable to banks, payable to customers, outstanding securities and other financial liabilities include the various forms of interbank and customer funding, as well as payables relating to financial leases. Specifically, the sub-line item “Outstanding securities” includes issued securities (including subordinate loans, interest-bearing notes, and deposit certificates), net of repurchased securities.

Recognition criteria

These financial liabilities are initially recognised on the date of receipt of the deposited sum or of the issue of the debt securities. The liabilities are initially recognised at their fair value, generally equal to the amount collected or to the issue price, increased by any additional costs or revenues directly attributable to the individual funding or issue transaction and not reimbursed by the creditor. In-house administrative costs are not included in the item. The fair value of financial liabilities issued at conditions inferior to market conditions, relative to listed Securities, is subject to a specific estimation and the difference with respect to the market value is booked directly in the income statement. As regards payables for leases, at the effective as of date for the lease agreement, the Bank measures the financial liability based on the current value of future payments due for the lease. They payments are discounted using the implicit lease interest rate.

Measurement criteria

After initial recognition, financial liabilities are valued at amortised cost using the effective interest rate method, with the exception of short-term liabilities, for which the time factor is negligible and which, therefore, continue to be entered at the collection value and for which any attributable costs are booked in the income statement linearly for the contract duration of the liability.

Derecognition criteria

Financial liabilities are derecognised from the balance sheet when they are expired or settled. Derecognition occurs also in case of repurchase of previously issued securities. The difference between the book value of the liability and the amount paid to purchase it is recorded in the income statement The reissue on the market of own repurchased securities is considered a new issue, with recognition at the new issue price, without any effects in the income statement.

Criteria for recognition of income components

The negative income components represented by interest expenses are booked by accrual method, in the interest line items of the income statement. Any difference between the repurchase value for own issue securities and the corresponding book value for the liability is recognised in the income statement under the item “gains/losses from disposal or repurchase”.

13. Financial liabilities from trading

Recognition criteria

These financial instruments are recognised on the date of undersigning or of issue, at a value equal to the fair value of the instrument, without considering any transaction costs or revenue directly attributable to the instruments themselves. This line item includes derivative contracts held for trading with a negative value.

Measurement criteria

All trading liabilities are measured at fair value and booked to the income statement.

Derecognition criteria

Financial liabilities held for trading are derecognised when the contract rights on the respective cash flows expire or when the financial liability is sold, with substantial transfer of all risks and benefits deriving from property of the liability in question.

14. Financial liabilities measured at fair value

Financial liabilities measured at fair value include liabilities for which the so-called fair value option applies. The Group has no financial liabilities measured at fair value.

15. Transactions in foreign currency

Classification criteria

Transactions in foreign currency consist of all assets and liabilities denominated in currency other than the Euro.

Recognition criteria

Transactions in foreign currency are booked, at the time of initial recognition, in Euro, applying the exchange rate in effect as of the date of the operation to the amount in foreign currency.

Measurement criteria

As of the close of the fiscal year, the conversion of monetary assets and liabilities in foreign currency is done using the spot exchange rate on that date.

Criteria for recognition of income components

Exchange rate differences of operations in foreign currency are recognised in line item 80 of the income statement "Net trading result".

Other information

Treasury shares

Any treasury shares of the Parent Company held in portfolio are recorded as a reduction to shareholders' equity.
Similarly, the original cost of treasury shares and gains or losses deriving from the subsequent sale thereof are recorded as movement in shareholders' equity.

Accruals and deferrals

Accruals and deferrals, regarding charges and income competence of the fiscal year accrued on assets and liabilities are attributed to adjustment of the assets and liabilities to which they refer; if they cannot be thus allocated, they will be registered as “Other assets” or “Other liabilities”.

Costs for lease improvements

Costs for restructuring of leasehold property are capitalized taking into consideration the fact that, for the duration of the lease, the user company controls the property and may gain future economic benefits from it. The aforementioned costs, booked among “Other assets”, are amortised for a period no longer than the duration of the lease agreement.

Employee severance pay

Employee severance pay was recorded based on the actuarial value calculated yearly by an independent accountant. To calculate this value, the projected unit credit method is used, which projects future expenses based on historical, statistical and probabilistic analysis, in addition to applying appropriate demographic techniques, and the rate used is the market interest rate. Contributions paid in each fiscal year are considered separate units and measured individually for the purpose of determining the final amount due. Following entry into force of the supplementary social security/pension scheme plan reform, as per Italian Legislative Decree n.252 of 5 December 2005, the severance pay quotas accrued as at 31 December 2006 remain in the company accounts, while quotas accrued subsequently are either destined to supplementary social security plans or to the INPS Treasury Fund, based on the personal choice of each employee. Starting from the 2012 fiscal year, variations to actuarial components relating to severance pay are booked with an impact on net equity and are therefore shown in the schedule of overall profitability.

Issue of Additional Tier 1

As indicated in the section regarding “capital adequacy and regulatory ratios” of the Report on Management, the amount of AT1 instruments issued by the Parent Company increased by 10,000,000.00, increasing from 30,000,000.00 at 31/12/2022 to 40,000,000.00 at 31/12/2023. The Bank issued Additional Tier 1 instruments in the month of October 2023 for 10,000,000.00. Specifically, these were subordinate instruments classified in Additional Tier 1 capital, pursuant to Regulation n. 575 of 2013 (CRR).
For details regarding this type of transaction, please refer to Part A of the explanatory notes of the Parent Company.

Income statement

Revenues are measured at fair value of the amount received or due and are recognised when future benefits are likely to be received and such benefits may be reliably measured. Expenses are recognised when incurred. Expenses that cannot be associated with revenue are immediately recognised in the income statement. Specifically:

- Revenues and expenses directly related to financial instruments measured at amortised cost and determinable from the start, regardless of when they are settled, flow to the income statement by applying the effective interest rate;
- Dividends are recognised in the income statement when they are received;
- Revenues deriving from dealing in trading instruments, representing the difference between the transaction price and the fair value of the instrument, are recognised in the income statement when the transaction is recorded if fair value can be determined with reference to parameters or recent transactions observed on the same market on which the instrument is traded;
- Other fees are recognised on an accruals basis.

Expenses directly related to financial instruments measured at amortised cost and determinable from the start, regardless of when they are settled, flow to the income statement by applying the effective interest rate, for which definition please refer to the paragraph "Loans and Financing". Impairment losses are immediately recognised in the income statement. Default interest, where provided for by contract, is entered in the income statement only when paid. Losses in value are recognised in the income statement immediately.

Classification criteria for financial assets

Classification of financial assets in the three categories provided for by the accounting principle depends on two classification criteria: the business model based on which the financial instruments are managed and the contractual characteristics of the cash flows deriving from the financial assets in question (or SPPI Test). The classification of a financial asset is the result of the combination of the two aforementioned criteria, as illustrated here following:

- Financial assets measured at amortised cost: assets that pass the SPPI test and are managed based on an HTC business model;
- Financial assets measured at fair value with impact on total profits (FVOCI): assets that pass the SPPI test and are managed based on an HTCS business model;
- Financial assets measured at fair value with impact on income statement (FVTPL): this is a residual category, that includes financial instruments that cannot be classified in the above categories based on the outcome of the business model test or of the test on contractual cash flow characteristics (SPPI test failed). In order to be able to classify a financial asset at amortised cost or at FVOCI, in addition to the business model analysis, the contractual terms of the asset in question must provide for payment of principal and interest only, at fixed dates, ("solely payment of principal and interest" - SPPI). This analysis must especially be carried out for loans and debt securities. The SPPI test must be carried out on each and every financial instrument, at the moment of registration in the balance sheet. Subsequent to initial recognition, and for as long as the asset is recorded in the balance sheet, it will no longer be subject to further analysis for the purpose of the SPPI test. If a financial instrument is derecognised and a new financial instrument is recognised, the SPPI test must be carried out on the new asset. For the purpose of application of the SPPI test, the IFRS 9 accounting principles provides the following definitions:
- Principal: is the fair value of the financial asset at initial recognition. This value may change during the life of the financial instrument, for example, due to reimbursement of part of the principal;
- Interest: is the consideration for the time value of money and for the credit risk associated to the existing principal in a given period of time. This may also include remuneration for other basic risks and expenses associated to the asset and with a profit margin.

In terms of evaluating whether contractual flows from a financial asset may be defined as SPPI, IFRS 9 refers to the general concept of "basic lending arrangement", that is separate from the legal form of the asset. When the clauses of the arrangement introduce exposure to risks or volatility of contractual cash flows that are outside the definition of basic lending arrangement, such as, for example, exposure to variations in prices of shares or goods, the contractual cash flows in review do not meet the definition of SPPI. The application of the classification criterion based on contractual cash flows sometimes requires a subjective judgment and, therefore, the definition of internal policies for application of the criteria. If the time value of money is modified – for example, when the interest rate for the financial asset is periodically recalculated, but the frequency of the recalculation or the frequency of payment of the coupons does not reflect the nature of the interest rate (for example, the interest rate is reviewed on a monthly basis based on an annual rate) or when the interest rate is recalculated periodically based on an average of specific short or long-to-medium term rates, the company must evaluated, both quantitatively and qualitatively, if the contractual cash flows still fulfil the requirements of SPPI (benchmark cash flows test). If the outcome of this test shows that the cash flows (not discounted) are "significantly different" from the cash flows (also not discounted) of a benchmark instrument (that is without modification of the time value), the cash flows in question cannot be considered as compliant to SPPI criteria. For the purpose of the SPPI test, as regards debt securities operations, la Banca Cambiano 1884 s.p.a. uses external info-provider services. This choice means that, on one hand, front office securities traders can obtain an immediate outcome for execution of the test, which also entails less paperwork during purchasing, and on the other hand it means that the same market benchmarks are shared by multiple traders and auditing companies. Vice versa, as regards the execution of the SPPI test for loan arrangements, a proprietary tool has been developed, based on a methodology developed internally by decision tree.

Business model

As regards the business model, IFRS 9 identifies three types of business model based on the method used to manage cash flows and sales of financial instruments:

- Hold to Collect (HTC): This is a business model whose objective is to hold assets in the related asset portfolios in order collect contractual cash flows. Including an asset portfolio in this business model does not necessarily mean it is impossible to sell the instruments, although it is necessary to take into consideration the frequency, entity of value, reasons for the sale and expectations regarding future sales;
- Hold to Collect and Sell (HTCS): this is a mixed business model, whose objective is to both collect the contractual cash flows and sell the financial asset, where the sale of the asset in an integral part of the strategy. Both activities (collection of cash flows and sale of the asset are indispensable for the purpose of reaching the objective of the business model. Therefore, sales are more frequent and volumes more significant with respect to the HTC business model HTC and are an integral part of the business strategies;
- Others/Trading: this is a residual category that includes both financial assets held for trading and financial assets managed through a business model that does not meet the qualifying criteria for the aforementioned models (HTC and HTCS). Generally speaking, this classification applies to financial asset portfolios that are managed and performance evaluated on a fair value basis. The business model reflects the way in which the financial assets are managed to generate cash flows for the entity and is defined by the bank's corporate bodies with the appropriate input from business functions. Fundamentally, the business model:
  - reflects the way in which financial assets are managed to generate cash flows;
  - is defined by the bank's corporate bodies, with appropriate input from the business functions;
  - must be observable, considering the methods for management of financial assets. In operational terms, the evaluation and composition of the business model is made consistently with the corporate organisation mode, the specialization of the business functions, the expected risk model and the assignment of delegated powers.

To evaluate a business model, all the relevant factors available at the date of the evaluation are used. The factors mentioned above include strategy, risks and how they are managed, reporting and the volume of sales. It is important that the elements taken under review to analyse the business model are coherent across the board and, specifically, are consistent with the strategy being pursued. Evidence of operations that are not in line with the strategy must be analysed and adequately justified. For the HTC portfolio, Banca di Cambiano 1884 s.p.a. has set limits for admissibility of sales that do not compromise the classification (frequent but not significant, individually and as aggregates, or infrequent if significant in volume) and, simultaneously, has established the parameters used to identify sales that are coherent with this business model in so far as resulting from an increased credit risk. More in detail, the HTC business model allows sales:

- in case of increased credit risk, which can be calculated for securities, if there is a downgrade of predetermined notches with respect to the original rating;
- when they are frequent but not significant in terms of value or occasional even if significant in terms of value. Limits for frequency and significance have been set for the purpose of evaluating these aspects. As regards the determination of "Risks" on HTCS and Other/Trading business models, in line of principle the bank applies the provisions of the internal Finance Regulations and the RAF for market risk controls.

Method of calculation of amortised cost

The amortised cost of a financial asset or liability is the value measured for initial recognition, net of principal repayments, plus or minus overall amortisation, determined by applying the effective interest method, the difference between the initial value and the value at maturity and net of any impairment losses. The effective interest rate is the rate that equalizes the current value of the financial asset or liability to the contractual cash flow of future payments or payments received up to the date of maturity or up to the next repricing date. For instruments with a fixed rate or a rate that is fixed for specific time periods, future cash flows are determined based on the known interest rate during the life of the instrument. For financial assets and liabilities with a floating interest rate, the future cash flows are determined based on the last known rate. At each repricing date, the amortisation schedule and the effective rate of return over the entire useful life of the financial instrument, that is up to maturity, are recalculated. Amortised cost is applied is applied to receivables, financial assets held to maturity, those available for sale, liabilities and outstanding securities. Financial assets and liabilities traded at market conditions are initially recognised at fair value, which usually corresponds to the amount paid or disbursed, comprehensive of transactions costs and commissions directly attributable to the asset or liability.

Transactions costs include internal marginal costs and revenues attributed at the moment of initial recognition of the instrument and recoverable from customers. These accessory components, which must be attributed to an individual asset or liability, impact the effective performance and modify the effective interest rate with respect to the contractual interest rate. Therefore, costs and revenues indistinctly referrable to multiple transactions, and the correlated components that may be measured during the life of the financial instruments, are excluded. Furthermore, any costs that the Bank would incur, regardless of the transactions, such as administrative costs, office supply costs, etc., are not included in the calculation of amortised cost.

Accounting of tax receivables related to the "Cura Italia" and "Rilancio" Law Decrees acquired following transfer by the direct beneficiaries or prior purchasers. Approach used for the accounting of purchased tax receivables (Tax Bonuses).

Italian Law Decrees n. 18/2020 (so-called "Cura Italia") and n. 34/2020 (so-called "Rilancio") introduced tax incentive measures associated to both expenses for investments (e.g. the "ecosismabonus") and current expenses (e.g. rental fees on non-residential spaces) in the Italian legislation framework. Additionally, the Government intervened once again on this matter, by means of Law Decree n. 50/2022 (so-called "Decreto Aiuti") mainly remodulating the field of potential re-assignees, and by means of Law Decree n. 11/2023 establishing, albeit with some exceptions, the prohibition of selecting the invoice discount option or the transfer of debt option, in lieu of direct fruition of the deduction. These tax incentives apply to households or businesses, are commensurate to a percent of the expense incurred (which in some cases reaches even 110%), and are disbursed in the form of tax credits or tax deductions (which can optionally be transformed into tax credits). The principal characteristics of these tax credits are: i) the possibility of use to offset tax payables; ii) assignability to third party purchasers; and iii) non-eligibility for reimbursement by the Revenue Office. Booking of tax credits purchased by a third party (assignee of the tax credit) cannot be traced to a specific international accounting principle. IAS 8 provides that, in the event of specific cases not explicitly dealt with in an IAS/IFRS accounting principle, company management will define appropriate accounting policies to guaranty relevant and reliable information on said transactions. To this end, the Bank, taking into account the recommendations made by the competent authorities in the document "Accounting treatment of tax credits connected to the 'Cura Italia' and 'Rilancio' Law Decrees, purchased following assignment by the direct beneficiaries or by previous assignees", published on 5 January 2021, by the round table between Bank of Italy, Consob and IVASS on the application of IAS/IFRS accounting principles, implemented an accounting policy that refers to the accounting regulations provided for by IFRS 9, applying, in an analogous manner, those provisions compatible with the characteristics of the transaction. The Bank classifies said credits in "Other assets" and refers back to:

- the "Hold to Collect" business model for credits purchased within the limits of its own tax capacity, with the objective of holding them and using them for future offsetting. Said credits are measured at amortised cost, with entry of the pro-rata remuneration as interest income during the period of recovery;
- the "Other" business model for credits purchased for trading, such as is the case for purchases in excess of its own tax capacity, and underwriting of the correlated re-assignment agreements. Said credits are measured at fair value with impact in the income statement. Nevertheless, the average permanence of credits in the portfolio is limited to the time strictly necessary for subsequent re-assignment.

Representation in the financial statements and information to be provided in periodical accounting reports.

Considering that, in accordance with international accounting standards, purchased tax credits do not represent tax receivables, public contributions, intangible assets or financial assets, the most appropriate classification, for the purpose of representation in the financial statements, is the residual "other assets" line item of the balance sheet (assets line item 120).

As regards representation, in the income statement and/or the overall profitability schedule, of revenues and charges deriving from the purchase and use of tax credits, it will reflect the method used by the transferee (Hold to Collect, Hold to Collect and Sell, Other) and the nature of said revenues and charges (interest, other measurement aspects, such as adjustments for write-backs, profit/loss from transfer), in accordance with paragraphs 82 and 82A of IAS 1 "Presentation of the financial statements".

A.3 – Information on financial asset transfers between portfolios

A.3.1. Reclassified financial assets: change of business model, book value and earned interest

As at 31/12/2023 there were no reclassified financial assets.

A.3.2. Reclassified financial assets: change of business model, fair value and effects on overall profitability

As at 31/12/2023 there were no reclassified financial assets.

A.3.3. Reclassified financial assets: change of business model and effective interest

As at 31/12/2023 there were no reclassified financial assets.

A.4 – Information on fair value

IFRS 13 requires that assets and liabilities measured at fair value on a recurring basis are those for which the IAS/IFRS accounting principles require or allow measurement at fair value in the balance sheet. Instead, assets and liabilities measured at fair value on a non-recurring basis are those for which the IAS/IFRS accounting principles require or allow measurement at fair value in the balance sheet in specific circumstances. For the purpose of improving transparency of information in the balance sheet regarding the measurement of fair value, IASB has introduced the so-called hierarchy of fair value.

A.4.1 Fair value levels 2 and 3: measurement and input techniques used

In December 2012, through Commission Regulation (EU) n. 1255/2012, the European Commission approved the new IFRS 13 "Fair Value Measurement" principle, effective as of 1 January 2013. . IFRS 13 defines fair value as: "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". As far as financial instruments are concerned, this definition of fair value replaces the previous version contained in IAS 39. As regards financial liabilities, the new definition of fair value provided for by IFRS 13 therefore requires identifying as such the value that would be paid to transfer the liability in question (exit price), as opposed to the value required to settle the same liability (definition contained in IAS 39). This serves to reinforce the theme of the recognition of fair value adjustments of financial liabilities – different from derivatives – attributable to the credit rating of the issuer (Own Credit Adjustment - OCA), with respect to the provisions already set forth on the matter in IAS 39. In particular, as regards calculating the fair value of OTC derivatives under assets in the Balance Sheet, IFRS 13 has confirmed the application of the adjustment relative to counterparty risk (Credit Valuation Adjustment - CVA). As regards financial liabilities represented by OTC derivatives, IFRS 13 introduces the so-called Debit Valuation Adjustment (DVA), which is a fair value adjustment aimed at reflecting own credit risk on such instruments, an issue not explicitly dealt with in IAS 39. The fair value of investments listed in active markets is calculated with reference to market listings on the last day of reference for the financial period. For financial instruments listed on active markets, the fair value assessment is based on the listings on the active market of reference even obtained from international providers and registered on the last day of the financial period. A market is defined as active when the listings reflect standard market transactions, are readily and regularly available and express the price of actual and regular market transactions. If the same financial instrument is listed on more than one market, the listing to be taken into consideration is that on the most advantageous market to which the company has access. The fair value of unlisted financial instruments is calculated by applying valuation methods that aim to determine the price that the instrument would have had on the market at the measurement date in a free exchange motivated by normal commercial considerations. Fair value is obtained using the following methods: use of recent market transactions, reference to the price of financial instruments with the same characteristics as that being measured, and quantitative methods. Specifically, unlisted securities are evaluated by applying models that discount expected future cash flow, using interest rate structures that take into proper consideration the issuer's business sector and, where available, rating class. The fair value of mutual funds that are not traded on active markets is calculated based on the Net Asset Value as published, and adjusted if necessary to take into account possible changes in value occurring between the date of request of redemption and the effective redemption date. Capital securities not traded on an active market, for which the fair value cannot be calculated reliably using the most common methods, are valued at cost, adjusted to take into account possible significant impairment of value. As regards loans and deposits, at sight/revocable, immediate expiry of contract obligations, coinciding with the date of the financial statements, is considered and therefore their fair value is approximated at booking value. Similarly, booking value is considered for short-term loans as well. The fair value of medium to long-term loans to customers is measured by discounting residual contractual cash flows at the effective interest rate, appropriately adjusted to take into account the credit rating of individual borrowers (represented by the probability of default and by the estimated loss in the event of default). The booking value of impaired assets is an approximation of the fair value. For medium to long-term debt positions, represented by securities valued at amortised cost and hedged for interest rate risk, the booking value is adjusted, due to hedging, to fair value attributable to the hedged risk, discounting the respective flows. The fair value of derivative contracts traded on regulated markets is considered the market price of the last listing day of the fiscal period. Over the counter derivative contracts are measured on the basis of a variety of models, based on input factors that affect the relative valuation and taking into account adjustments for counterparty risk. The Group does not calculate and recognise corrections in fair value of derivatives for CVA and DVA if there are formalized and operative agreements for collateralisation of the positions in derivatives with the following characteristics:

- Bilateral and high-frequency exchange of collateral (daily or, at most, mid-week);

- Type of guaranty represented by cash or government bonds with high liquidity and credit quality, subject to an adequate safety margin;
- Absence of a threshold for the fair value of the derivatives below which no exchange of guaranty is provided for, or setting of this threshold at a level that allows for an effective and significant mitigation of counterparty risk;
- MTA - Minimum Transfer Amount (that is, the difference between the contract fair value and the value of the guaranty) – below which collateralisation of positions is not adjusted, identified by contract at a level that allows for substantial mitigation of counterparty risk.

Hedges already existing at the date of the financial statements were all collateralised.

A.4.2 Measurement process and sensitivity

As at 31 December 2023, there were no assets classified in level 2 of the hierarchy of Fair Value. Financial assets that refer to capital securities "valued at cost" relative to instrumental capital holdings, and for which the fair value cannot be calculated in a reliable or verifiable manner, are conventionally classified at level 3 in the hierarchy of fair value.

A.4.3 Hierarchy of fair value

Hierarchy of fair value, based on the provisions of IFRS 13, must be applied to all financial instruments for which fair value is recognised in the balance sheet. In this regard, for these instruments, maximum priority is given to official prices available on active markets and lower priority to the use of non-observable input, which are more discretional. Consequently, fair value is calculated through the use of prices acquired from financial markets, in the case of instruments listed on active markets or, for other financial instruments, through the use of measurement methods that aim at an estimation of fair value. The levels used for classifications and referred to hereinafter in the explanatory notes are the following:

"Level 1": the fair value of the financial instruments is calculated based on price listings observable on active markets (unadjusted) which may be accessed on the date of assessment;

"Level 2": the fair value of the financial instruments is calculated based on other inputs observable directly or indirectly for the asset or liability, also using measurement techniques;

"Level 3": the fair value of the financial instruments is calculated based on other input not observable for the asset or liability, also using measurement technique.

A price listed on an active market provides the most reliable evidence of the fair value and, when available, must be used without adjustments to measure fair value. If there are not price listing on active markets, the financial instruments must be classified in level 2 or 3. Classification in Level 2 as opposed to Level 3 is determined based on the observability on markets of significant inputs used to calculate fair value.

A.4.4 Other information

There is no other information.

A.4.5 Hierarchy of fair value

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: divided by level of fair value.

Financial assets/liabilities measured at fair value	31/12/2023			31/12/2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value with impact on income statement	83,941	0	101,314	109,932	0	102,140
a) financial assets held for trading	83,941	0	618	66,873	0	683
b) financial assets measured at fair value	0	0	0	0	0	0
c) financial assets obligatorily measured at fair value	0	0	100,696	43,060	0	101,457
2. Financial assets measured at fair value with impact on overall profitability	461,456	0	13,511	594,184	0	18,186
3. Hedges	0	0	0	0	0	0
4. Property, plants and equipment	0	0	2,664	0	0	2,715
5. Intangible assets	0	0	0	0	0	0
Total	**545,397**	**0**	**117,489**	**704,117**	**0**	**123,041**
1. Financial liabilities held for trading	0	0	442	0	0	98
2. Financial liabilities measured at fair value	0	0	0	0	0	0
3. Hedges	0	0	0	0	0	0
Total	**0**	**0**	**442**	**0**	**0**	**98**

Legenda:

Level 1 = Fair value of a financial instrument listed in an active market;

Level 2 = Fair value measured on the basis of measurement techniques that use parameters that can be observed on the market, other than the listings of the financial instrument;
Level 3 = Fair value measured on the basis of measurement techniques that use parameters that cannot be observed on the market.

A.4.5.2 Annual variations of assets measured at fair value on a recurring basis (level 3)

	Financial assets measured at fair value with impact on income statement				Financial assets measured at fair value with impact on total profits	Hedges	Property, plants and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets measured at fair value	of which: c) financial assets obligatorily measured at fair value				
1. Initial value	**102,140**	**683**	**0**	**101,457**	**18,186**	**0**	**2,715**	**0**
2. Additions								
2.1. Purchases	17,927	0	0	**17,927**	241	0	0	0
2.2. Revenues allocated to:				**0**			0	0
2.2.1. Income statement	0	0	0	**0**	0	0	0	0
- of which gains	0	0	0	**0**	0	0	0	0
2.2.2. Shareholders' equity	X	X	X	X	0	0	0	0
2.3. Transfers from other levels	0	0	0	**0**	0	0	0	0
2.4. Other additions	0	0	0	**0**	0	0	0	0
3. Reductions				**0**			0	0
3.1. Sales	16,405	64	0	**16,341**	4,512	0	0	0
3.2. Redemptions	366	0	366	**0**	0	0	0	0
3.3. Losses allocated to:				**0**			0	0
3.3.1. Profit and loss account	1,982	0	0	**1,982**	403	0	52	0
- of which losses	1,676	0	0	**1,676**	403	0	0	0
3.3.2. Shareholders' equity	X	X	X	X	0	0	0	0
3.4. Transfers to other levels	0	0	0	**0**	0	0	0	0
3.5. Other reductions	0	0	0	**0**	2	0	0	0
4. Final values	**101,314**	**618**	**-366**	**100,696**	**13,511**	**0**	**2,664**	0

A.4.5.3 Annual variations of liabilities measured at fair value on a recurring basis (level 3)

	Financial liabilities held for trading	Financial liabilities measured at fair value	Hedges
1. Initial value	**98**	**0**	**0**
2. Additions			
2.1. Issues	618	0	0
2.2. Losses allocated to:			
2.2.1. Profit and loss account	0	0	0
- of which losses	0	0	0
2.2.2. Shareholders' equity	X	X	0
2.3. Transfers from other levels	0	0	0
2.4. Other additions	0	0	0
3. Reductions			
3.1. Redemptions	98	0	0
3.2. Repurchases	0	0	0
3.3. Losses allocated to:			
3.3.1. Profit and loss account	176	0	0
- of which gains	176	0	0
3.3.2. Shareholders' equity	X	X	0
3.4. Transfers to other levels	0	0	0
3.5. Other reductions	0	0	0
4. Final values	**442**	**0**	**0**

A.4.5.4 Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: divided by level of fair value

Line items	31/12/2023				31/12/2022			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	3,545,822	386,499	0	3,159,323	3,798,880	360,590	0	3,438,290
2. Property, plants and equipment held as investments	0	0	0	0	3,798,880	360,590	0	3,438,290
3. Non-current assets and groups of assets in the course of divestment	0	0	0	0	0	0	0	0
Total	**3,545,822**	**386,499**	**0**	**3,159,323**	**3,798,880**	**360,590**	**0**	**3,438,290**
1. Financial liabilities measured at amortised cost	4,452,888	0	0	4,452,888	4,643,282	0	0	4,643,282
2. Liabilities associated to assets in the course of divestment	0	0	0	0	0	0	0	0
Total	**4,452,888**	**0**	**0**	**4,452,888**	**4,643,282**	**0**	**0**	**4,643,282**

Key:
BV = Book value - L1 = Level 1 - L2 = Level 2 - L3 = Level 3

A.5 – Information on so-called “day one profit/loss”

The Group does not present transactions for which, at the moment of initial recognition of the financial instruments not listed in active markets, the component relative to the so-called “day one profit/loss” was measured. Consequently, the information required by paragraph 28 of IFRS 7 is not herein provided.

PART B – Information on the balance sheet

ASSETS

Section 1 - Cash and cash equivalents - Line item 10

1.1 Cash and cash equivalents: breakdown

Line items	31/12/2023	31/12/2022	Var.	% Var.
a) Cash and cash equivalents	15,519	12,826	2,692	20.99%
b) Demand deposits with Central banks	278,062	0	278,062	0.00%
c) Bank accounts e demand deposits with banks	47,703	37,093	10,610	28.60%
Total	**341,284**	**49,919**	**291,364**	**583.67%**

Notes

The line item "Demand deposits with central banks" does not include the regulatory reserve that was noted in asset line item 40 a) "Financial assets measured at amortised cost a) receivables from banks".

Section 2 - Financial assets measured at fair value with impact on income statement - Line item 20

2.1 Financial assets held for trading: breakdown by type

Line items/values	31/12/2023			31/12/2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1 Debt securities	83,941	0	0	66,519	0	0
1.1 Structured securities	385	0	0	0	0	0
1.2 Other debt securities	83,557	0	0	66,519	0	0
2 Capital securities	0	0	0	354	0	0
3 Shares in mutual funds	0	0	0	0	0	0
4 Loans	0	0	0	0	0	0
4.1 Repurchase agreements	0	0	0	0	0	0
4.2 Other	0	0	0	0	0	0
Total A	**83,941**	**0**	**0**	**66,873**	**0**	**0**
B. Derivative instruments						
1 Financial derivatives:	0	0	618	0	0	683
1.1 for trading	0	0	618	0	0	683
1.2 connected to the fair value option	0	0	0	0	0	0
1.3 other	0	0	0	0	0	0
2 Credit derivatives	0	0	0	0	0	0
2.1 for trading	0	0	0	0	0	0
2.2 connected to the fair value option	0	0	0	0	0	0
2.3 other	0	0	0	0	0	0
Total B	**0**	**0**	**618**	**0**	**0**	**683**
Total (A+B)	**83,941**	**0**	**618**	**66,873**	**0**	**683**

2.2 Financial assets held for trading: breakdown per borrowers/issuers/counterparties

Line items/values	31/12/2023	31/12/2022	Var.	% Var.
A. CASH ASSETS				
1. Debt securities	**83,941**	**66,519**	**17,422**	**0.00%**
a) Central banks	0	0	0	0.00%
b) Public administrations	60,136	60,149	-13	0
c) Banks	19,198	2,524	16,674	0
d) Other financial companies	1,833	780	1,052	0
of which: insurance companies	203	0	203	0
e) Non-financial companies	2,775	3,066	-290	0
2 Capital securities	**0**	**354**	**-354**	**0.00%**
a) Banks	0	0	0	0.00%
b) other financial companies	0	354	-354	0.00%
of which: insurance companies	0	0	0	0.00%
c) Non-financial companies	0	0	0	0.00%
d) Other issuers	0	0	0	0.00%
3 Shares in mutual funds	**0**	**0**	**0**	**0.00%**
4 Loans	**0**	**0**	**0**	**0.00%**
a) Central banks	0	0	0	0.00%
b) Public administrations	0	0	0	0.00%
c) Banks	0	0	0	0.00%
d) Other financial companies	0	0	0	0.00%
of which: insurance companies	0	0	0	0.00%

Line items/values	31/12/2023	31/12/2022	Var.	% Var.
e) Non-financial companies	0	0	0	0.00%
f) Families	0	0	0	0.00%
Total (A)	**83,941**	**66,873**	**17,069**	**25.52%**
B DERIVATIVE INSTRUMENTS				
a) Central counterparties	0	0	0	0.00%
b) other	618	683	-64	-9.40%
Total (B)	**618**	**683**	**-64**	**-9.40%**
Total (A+B)	**84,560**	**67,555**	**17,005**	25.17%

2.3 Financial assets measured at fair value: breakdown by type

Line items/values	31/12/2023			31/12/2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1 Debt securities	0	0	0	0	0	0
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	0	0	0	0	0	0
2 Loans	0	0	0	0	0	0
2.1 Structured	0	0	0	0	0	0
2.2 Other	0	0	0	0	0	0
Total	0	0	0	0	0	0

2.5 Financial assets obligatorily measured at fair value: breakdown by type

Line items/values	31/12/2023			31/12/2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1 Debt securities	0	0	3,651	0	0	3,874
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	0	0	3,651	0	0	3,874
2 Capital securities	0	0	0	0	0	0
3 Shares in mutual funds	0	0	25,722	43,060	0	24,541
4 Loans	0	0	71,324	0	0	73,042
4.1 Repurchase agreements	0	0	0	0	0	0
4.2 Other	0	0	71,324	0	0	73,042
Total	0	0	100,696	43,060	0	101,457

2.6 Financial assets obligatorily measured at fair value: breakdown by borrower/issuer

Line items/values	31/12/2023	31/12/2022
1 Capital securities	**0**	**0**
of which: Banks	0	0
of which: Other financial companies	0	0
of which: Other non-finance companies	0	0
2. Debt securities	**3,651**	**3,874**
a) Central banks	0	0
b) Public administrations	0	0
c) Banks	1,002	937
d) Other financial companies	0	0
of which: insurance companies	0	0
e) Non-finance companies	2,649	2,937
3 Shares in mutual funds	**25,722**	**67,601**
2 Loans	**71,324**	**73,042**
a) Central banks	0	0
b) Public administrations	0	0
c) Banks	0	0
d) Other financial companies	4,119	3,544
of which: insurance companies	1,008	0
e) Non-finance companies	66,000	68,896
f) Families	1,204	602
Total	**100,696**	**144,517**

Section 3 - Financial assets measured at fair value with impact on total profits- Line item 30

3.1 Financial assets measured at fair value with impact on total profits: breakdown by type

Line items/values	Total 31/12/2023			Total 31/12/2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	460,627	0	0	594,184	0	0
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	460,627	0	0	594,184	0	0
2. Capital securities	829	0	13,511	0	0	18,186
3. Loans	0	0	0	0	0	0
Total	**461,456**	**0**	**13,511**	**594,184**	**0**	**18,186**

3.2 Financial assets measured at fair value with impact on total profits: breakdown by borrower/issuer

Line items/values	Total 31/12/2023	Total 31/12/2022	Var.	% Var.
1. Debt securities	**460,627**	**594,184**	**-133,558**	**-22.48%**
a) Central banks	0	0	0	0.00%
b) Public administrations	453,461	588,811	-135,350	-22.99%
c) Banks	7,165	5,373	1,792	33.35%
d) Other financial companies	0	0	0	0.00%
of which: insurance companies	0	0	0	0.00%
e) Non-finance companies	0	0	0	0.00%
2. Capital securities	**14,340**	**18,186**	**-3,846**	-21.15%
a) Banks	7,511	7,511	0	0.00%
b) Other issuers:	6,829	10,675	-3,846	-36.03%
- other financial companies	509	427	83	19.37%
of which: insurance companies	0	0	0	0.00%
- non-finance companies	6,320	10,248	-3,928	-38.33%
- other	0	0	0	0.00%
3. Loans	**0**	**0**	0	0.00%
a) Central banks	0	0	0	0.00%
b) Public administrations	0	0	0	0.00%
c) Banks	0	0	0	0.00%
d) Other financial companies	0	0	0	0.00%
of which: insurance companies	0	0	0	0.00%
e) Non-finance companies	0	0	0	0.00%
f) Families	0	0	0	0.00%
Total	**474,967**	**612,370**	**-137,403**	**-22.44%**

3.3 Financial assets measured at fair value with impact on total profits: gross value and overall value adjustments

	Gross value				Overall value adjustments			Overall partial write-offs
	First stage	of which: Instruments with a low credit risk	Second stage	Third stage	First stage	Second stage	Third stage	
Debt securities	458,397	458,397	2,497	0	261	6	0	0
Loans	0	0	0	0	0	0	0	0
Total 31/12/2023	458,397	458,397	2,497	0	261	6	0	0
Total 31/12/2022	592,420	592,420	2,256	0	470	22	0	0
of which: Impaired financial assets purchased or originated	X	X	0	0	X	0	0	0

Section 4 - Financial assets measured at amortised cost - Line item 40

4.1 Financial assets measured at amortised cost: breakdown by type of receivables from banks

Type of transaction / values	Total 31/12/2023						Total 31/12/2022					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	of which: impaired purchased or originated	Level 1	Level 2	Level 3	First and second stage	Third stage	of which: impaired purchased or originated	Level 1	Level 2	Level 3
A. Receivables from central banks	**29,508**	**0**	**0**	**0**	**0**	**29,508**	**84,303**	**0**	**0**	**0**	**0**	**84,303**
1. Term deposits	0	0	0	X	X	X	0			0	0	0
2. Regulatory reserve	29,508	0	0	X	X	X	84,303			0	0	84,303
3. Repurchase agreements	0	0	0	X	X	X	0			0	0	0
4. Other	0	0	0	X	X	X	0			0	0	0

Type of transaction / values	Total 31/12/2023						Total 31/12/2022					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	of which: impaired purchased or originated	Level 1	Level 2	Level 3	First and second stage	Third stage	of which: impaired purchased or originated	Level 1	Level 2	Level 3
B. Receivables from banks	53,770	0	0	3,683	0	50,087	56,757			6,720	0	50,037
1. Loans	50,087	0	0	0	0	50,087	50,037			0	0	50,037
1.1. Bank accounts and demand deposits	0	0	0	X	X	X	0			0	0	0
1.2. Term deposits	50,087	0	0	X	X	X	50,037			0	0	50,037
1.3. Other loans:	0	0	0	X	X	X	0			0	0	0
- Repurchase agreement receivables	0	0	0	X	X	X	0			0	0	0
- Loans per leasing	0	0	0	X	X	X	0			0	0	0
- Other	0	0	0	X	X	X	0			0	0	0
2. Debt securities	3,683	0	0	3,683	0	0	6,720			6,720	0	0
2.1 Structured securities	0	0	0	0	0	0	0			0	0	0
2.2 Other debt securities	3,683	0	0	3,683	0	0	6,720			6,720	0	0
Total	**83,277**	**0**	**0**	**3,683**	**0**	**79,595**	**141,061**	**0**	**0**	**6,720**	**0**	**134,340**

4.2 Financial assets measured at amortised cost: breakdown by type of receivables from customers- Part 1

Type of transaction/assets	Total 31/12/2023						
	Book value				Fair value		
	First and second stage	Third stage	impaired purchased or originated	Total	Level 1	Level 2	Level 3
1. Loans	**2,913,087**	**162,788**	**3,854**	**3,079,729**	**X**	**X**	**3,306,933,426**
1.1. Bank accounts	334,362	14,396	1,316	**350,074**	X	X	X
1.2. Repurchase agreement receivables	0	0	0	**0**	X	X	X
1.3. Mortgage loans	1,414,371	73,782	469	**1,488,622**	X	X	X
1.4. Credit cards, personal loans and salary-backed loans	15,825	443	1	**16,269**	X	X	X
1.5. Loans for leases	279,825	22,232	0	**302,057**	X	X	X
1.6. Factoring	0	0	0	**0**	X	X	X
1.7. Other loans	868,704	51,936	2,068	**922,708**	X	X	X
2. Debt securities	382,816	0	0	**382,816**	352,713	0	0
2.1 Structured securities	0	0	0	**0**	0	0	0
2.2 Other debt securities	382,816	0	0	**382,816**	352,713	0	0
Total (book value)	**3,295,903**	**162,788**	**3,854**	**3,462,545**	**352,713**	**0**	**3,306,933**

4.2 Financial assets measured at amortised cost: breakdown by type of receivables from customers- Part 2

Type of transaction/assets	Total 31/12/2022						
	Book value				Fair value		
	First and second stage	Third stage	impaired purchased or originated	Total	Level 1	Level 2	Level 3
1. Loans							
1.1. Bank accounts	319,011	17,322	0	**336,333**	X	X	X
1.2. Repurchase agreement receivables	0	0	0	**0**	X	X	X
1.3. Mortgage loans	1,498,149	97,786	622	**1,596,557**	X	X	X
1.4. Credit cards, personal loans and salary-backed loans	18,782	510	32	**19,324**	X	X	X
1.5. Loans for leases	268,769	18,021	0	**286,791**	X	X	X
1.6. Factoring	0	0	0	**0**	X	X	X
1.7. Other loans	1,012,154	52,711	80	**1,064,945**	X	X	X
2. Debt securities	353,870	0	0	**353,870**	280,384	0	0
2.1 Structured securities	0	0	0	**0**	0	0	0
2.2 Other debt securities	353,870	0	0	**353,870**	280,384	0	0
Total (book value)	**3,470,735**	**186,350**	**734**	**3,657,819**	**280,384**	**0**	**0**

4.3 Financial assets measured at amortised cost: breakdown by borrower/issuer of receivables from customers

Type of transaction/assets	Total 31/12/2023			Total 31/12/2022		
	First and second stage	Third stage	impaired purchased or originated	First and second stage	Third stage	impaired purchased or originated
1. Debt securities	**384,046**	**0**	**0**	**353,870**	**0**	**0**
a) Public administrations	382,816	0	0	353,870	0	0
b) other financial companies	1,230	0	0	0	0	0
of which: insurance companies	*0*	*0*	*0*	*0*	*0*	*0*
c) Non-finance companies	0	0	0	0	0	0
2. Loans to:	**2,911,857**	**162,788**	**3,854**	**3,116,865**	**186,350**	**734**
a) Public administrations	857	0	0	813	0	0
b) other financial companies	354,181	1,332	0	104,472	2,552	0
of which: insurance companies	*9,199*	*0*	*0*	*0*	*0*	*0*
c) Non-finance companies	1,253,612	115,941	3,268	1,656,041	126,564	146
d) Families	1,303,207	45,514	586	1,355,539	57,234	588
Total	**3,295,903**	**162,788**	**3,854**	**3,470,735**	**186,350**	**734**

4.4 Financial assets measured at amortised cost: gross value and overall value adjustments

	Gross value					Overall value adjustments				Overall partial write-offs
	First stage	of which: Instruments with a low credit risk	Second stage	Third stage	Impaired purchased or originated	First stage	Second stage	Third stage	Impaired purchased or originated	
Debt securities	383,003	386,756	3,753	0		186	70	0	0	0
Loans	2,694,565	2,684,766	315,777	258,170	5,249	8,705	8,955	95,382	1,395	0
Total 31/12/2023	**3,077,568**	**3,071,522**	**319,530**	**258,170**	**5,249**	**8,892**	**9,025**	**95,382**	**1,395**	**0**
Total 31/12/2022	**3,287,212**	**3,274,877**	**345,929**	**302,530**	**920**	**7,048**	**14,298**	**116,180**	**186**	**0**

Notes:

The line item “Loans” includes exposures subject to Covid-19 aid measures, in the form of ‘New loans’, for overall € 429.54 million, of which € 405.84 performing and € 23.70 million non-performing. The overall value adjustments amount to € 5.95 million, of which 4.79 million on non-performing positions.

Section 5 - Hedges - Line item 50

At 31 December 2023, this line item was not measured.

Section 6 – Adjustment of value of generic hedges on financial assets

At 31 December 2023 this line item was not measured.

Section 7 – Equity investments - Line item 70

7.1 Equity investments: information on equity investments

Name	Registered offices	Operating offices	% of shareholding	% of available votes
A. Jointly held companies				
B. Companies subject to significant influence				
1. C. H. s.p.a. (1)	Empoli	Empoli	49.60%	29.60%
2. Cabel Industry s.p.a. (2)	Empoli	Empoli	8.04%	8.04%

Notes

(1) - During 2019, the Bank assigned 20% of shareholdings in Cabel Holding in USUFRUCT to a Trust. The cost, book value and percent of shareholdings have remained unvaried, while the number of shares (for the purposes of the % of votes available in the Shareholders’ Meeting) has decreased from 49.60% to 29.60%.

(2) - In May 2023, the Bank’s shareholding in the associate company was reduced, from 11.49% to 8.04%, following the issue of n. 4,028,572 shares fully subscribed by Quid Informatica S.p.A.

Simultaneously, C.H. s.p.a. transferred to the same company n. 2,014,286 shares in Cabel Industry, reducing its shareholding from 79.43% to 25.60%. Considering the reduction of the indirect shareholding– that is, shares held through the shareholding in C.H. s.p.a. – from 39.40% to 12.70%, the percent of shareholding in Cabel Industry s.p.a. has been reduced from 50.89% to 20.74%.

(3) During 2023, the shares held in the companies Cabel IP S.p.A. and Gardena Capital LTD were transferred, as amply described in the report on management.

7.2 Significant equity investments: book value, fair value and dividends received

Name	Book value	Fair value	Dividends received
A. Jointly held companies	**0**	**0**	**0**
A. Companies subject to significant influence	**15,933**	**15,933**	**0**
1. C.H. s.p.a.	14,569	14,569	0
2. Cabel Industry s.p.a.	1,364	1,364	0
Totals	**15,933**	**15,933**	**0**

Notes

As regards the equity investment in C.H. s.p.a., although no triggers requiring it were identified, an assessment was made with the aid of an independent expert. The result of this assessment did not indicate any impairment related to the company.

7.3 Significant equity investments: accounting information

Name	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non-financial liabilities	Total revenue	Interest income
A. Jointly held companies	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B. Companies subject to significant influence	x	**14,914**	**85,476**	**0**	**37,848**	**32,962**	**0**
1. C.H. s.p.a.	x	14,868	28,154	0	962	1,825	x
2. Cabel Industry s.p.a.	x	45	57,321	0	36,887	31,138	x
Totals		**14,914**	**85,476**	**0**	**37,848**	**32,962**	**0**

Name	Value adjustments and write-backs on property, plant and equipment and intangible assets	Profit (loss) on continuing operations before tax	Profit (loss) on continuing operations after tax	Profit (loss) from groups of assets in course of divestment net of taxes	Profit (loss) for the fiscal period (1)	Other income components net of tax(2)	Overall profitability (3) = (1) + (2)
A. Jointly held companies	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B. Companies subject to significant influence	**0**	**23**	**75**	**0**	**75**	**0**	**75**
1. C.H. s.p.a.	x	41	57	0	57	0	57
2. Cabel Industry s.p.a.	x	-18	17	0	17	0	17
Totals	**0**	**23**	**75**	**0**	**75**	**0**	**75**

Notes

The above companies carry out activities that are instrumental to Group activities and perform services that are auxiliary to Group activities.
The values shown in the above table refer to 30 September 2023.

The book value was calculated according to the table below:

Name	Shareholders' equity	% of shareholding	Purchases/Sales	Dividends received	Book value at PN
1. C.H. S.p.A.	29,374	49.60%	0	0	14,569
2. Cabel Industry S.p.A.	16,957	11.49%	0	0	1,364
Totals	**46,331**		**0**	**0**	**15,933**

7.5 Equity investments: annual variations

Line items	Total at 31/12/2023	Total at 31/12/2022
A. Initial value	**16,479**	**16,400**
B. Additions	**144**	**1,324**
B.1 Purchases	0	0
B.2 Write-backs of value	0	0
B.3 Revaluations	144	1,324
B.4 Other variations	0	0
C. Reductions	**690**	**1,246**
C.1 Sales	294	0
C.2 Value adjustments	0	0
C.3 Write-downs	395	1,246
C.4 Other variations	0	0
D. Final values	**15,933**	**16,479**

Line items	Total at 31/12/2023	Total at 31/12/2022
E. Total revaluations	**14,802**	**14,658**
F. Total adjustments	**0**	**0**

Notes
Line item B.3 "Revaluations" includes the revaluation of the company Cabel Holding s.p.a. for overall € 144 due to the value adjustment of the percent of shareholders' equity held by the Bank.
Line item C.1 "Sales" includes the total transfer of shareholdings in the companies Cabel IP and Gardena Capital LtD.
Line item C.3 "Write-downs" includes the write-down of the company C.H. s.p.a. for 395 thousand euro, due to the value adjustment of the percent of shareholder's equity held by the Bank.

7.7 Equity investments: commitments referred to investments in companies subject to significant influence
There are not commitments that can generate potential liabilities deriving from joint liability.

7.8 Equity investments: significant restrictions
There are no significant restrictions referred to equity investment in companies subject to significant influence.

Section 8 - Reinsurers' share of technical reserves - Line item 80
There are no technical reserves.

Section 9 - Property, plants and equipment - Line item 90
9.1 Property, plants and equipment with a functional use: breakdown of assets measured at cost

Assets/values	Total 31/12/2023	Total 31/12/2022
1. Owned assets	**61,673**	**62,137**
a) land	10,466	10,466
b) buildings	35,883	38,208
c) furniture	10,621	9,727
d) electronic equipment	944	996
e) other	3,758	2,740
2. Rights of use acquired through leases	**9,535**	**12,351**
a) land	0	0
b) buildings	9,459	12,325
c) furniture	0	0
d) electronic equipment	0	0
e) other	75	26
Total	**71,207**	**74,489**
of which: obtained by enforcing guarantees received	*0*	*0*

Notes
All the Group's property, plants and equipment are measured at cost; the line item "land" indicates the value of the land, which is separated from the value of the buildings. Sub-line item 2 shows the rights of use purchased with financial leases, subsequent to coming into effect of the new IFRS 16 accounting principle starting 1.1.2019.

9.2 Property, plants and equipment held as investments: breakdown of assets measured at cost

Assets/values	Total 31/12/2023				Total 31/12/2022			
	Book value	Fair value			Book value	Fair value		
		L1	L2	L3		L1	L2	L3
1. Owned assets	**15,360**	**0**	**0**	**15,360**	**12,223**	**0**	**0**	**12,223**
a) land	131	0	0	131	1,084	0	0	1,084
b) buildings	15,230	0	0	15,230	11,139	0	0	11,139
2. Rights of use purchased through 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	**15,360**	**0**	**0**	**15,360**	**12,223**	**0**	**0**	**12,223**

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

9.4 Property, plants and equipment held as investments: breakdown of assets measured at fair value

Assets/values	Total 31/12/2023			Total 31/12/2022		
	Fair value			Fair value		
	L1	L2	L3	L1	L2	L3
1. Owned assets	**0**	**0**	**2,664**	**0**	**0**	**2,715**
a) land	0	0	0	0	0	0
b) buildings	0	0	2,664	0	0	2,715
2. Rights of use purchased through leases	**0**	**0**	**0**	**0**	**0**	**0**
a) land	0	0	0	0	0	0

Assets/values	Total 31/12/2023			Total 31/12/2022		
	Fair value			Fair value		
	L1	L2	L3	L1	L2	L3
b) buildings	0	0	0	0	0	0
Total	**0**	**0**	**2,664**	**0**	**0**	**2,715**

Key:
L1= Level 1
L2= Level 2
L3= Level 3
Notes
Property, plants and equipment held as investments and measured at fair value are owned buildings not used for the business undertakings of Group companies.

9.6 Property, plants and equipment with a functional use: annual variations

Line items	Land	Buildings	Furniture	Electronic equipment	Other	Total 31/12/2023
A. Gross initial value	**10,466**	**78,283**	**15,375**	**2,496**	**14,678**	**121,298**
A.1 Net total reductions of value	0	27,750	5,648	1,500	11,912	46,809
A.2 Net initial value	**10,466**	**50,533**	**9,727**	**996**	**2,766**	**74,489**
A.3 Changes to opening balance (FTA IFRS16)	0	0	0	0	0	0
A.4 Net balance	**10,466**	**50,533**	**9,727**	**996**	**2,766**	**74,489**
B. Additions:	**0**	**1,485**	**1,632**	**355**	**2,367**	**5,839**
B.1 Purchases	0	1,077	1,450	353	2,108	4,988
B.2 Expenses for capitalised improvements	0	342	0	0	0	342
B.3 Write-backs of value	0	0	0	0	0	0
B.4 Increases of fair value allocated to:	0	0	0	0	0	0
a) shareholders' equity	*0*	*0*	*0*	*0*	*0*	*0*
b) profit and loss account	*0*	*0*	*0*	*0*	*0*	*0*
B.5 Increases in exchange rates	0	0	0	0	0	0
B.6 Transfers from buildings held as investments	0	0	0	0	0	0
B.7 Other variations	0	65	183	2	260	509
C. Reductions:	**0**	**6,675**	**739**	**406**	**1,300**	**9,120**
C.1 Sales	0	1,217	237	0	288	1,742
C.2 Depreciation	0	3,381	482	405	1,010	5,278
C.3 Value adjustments due to impairment allocated 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 of fair value allocated to:	**0**	**0**	**0**	**0**	**0**	**0**
a) shareholders' equity	0	0	0	0	0	0
b) profit and loss account	0	0	0	0	0	0
C.5 Decreases in exchange rates	0	0	0	0	0	0
C.6 Transfers to:	**0**	**0**	**0**	**0**	**0**	**0**
a) property, plants and equipment held as investments	*0*	*0*	*0*	*0*	*0*	*0*
b) non-current assets and groups of assets in the course of divestment	*0*	*0*	*0*	*0*	*0*	*0*
C.7 Other variations	0	2,077	20	2	2	2,100
D. Final net values	**10,466**	**45,343**	**10,621**	**944**	**3,834**	**71,207**
D.1 Net total reductions of value	0	31,066	6,130	1,903	12,662	51,761
D.2 Final gross values	**10,466**	**76,409**	**16,750**	**2,847**	**16,496**	**122,968**
E. Measurement at cost	**0**	**0**	**0**	**0**	**0**	**0**

Depreciation is calculated *pro rata* using the following rates:

Type	Average rate
- Land	0.00%
- Buildings	3.00%
- Works of art	0.00%
- Furniture and furnishings	12.00%
- AED plants, machinery and equipment	20.00%
- Technical plants, machinery and equipment	15.00%
- Vehicles	20.00%
- Rights of use	Based on the duration of the contract

9.6 bis Of which: Property, plants and equipment with a functional use - Rights of use acquired through leases: annual variations

Line items	Land	Buildings	Furniture	Electronic equipment	Other	Total 31/12/2023
A. Gross initial value	**0**	**20,148**	**0**	**0**	**135**	**20,283**
A.1 Net total reductions of value	0	7,823	0	0	109	7,932

Line items	Land	Buildings	Furniture	Electronic equipment	Other	Total 31/12/2023
A.2 Net initial value	**0**	**12,325**	**0**	**0**	**26**	**12,351**
A.3 Changes to opening balance (FTA IFRS16)	0	0	0	0	0	0
A.4 Net balance	**0**	**12,325**	**0**	**0**	**26**	**12,351**
B. Additions:	**0**	**1,077**	**0**	**0**	**88**	**1,165**
B.1 Purchases	0	1,077	0	0	88	1,165
B.2 Expenses for capitalised improvements	0	0	0	0	0	0
B.3 Write-backs of value	0	0	0	0	0	0
B.4 Increases of fair value allocated 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 Increases in exchange rates	0	0	0	0	0	0
B.6 Transfers from buildings held as investments	0	0	0	0	0	0
B.7 Variations of value	0	0	0	0	0	0
C. Reductions:	**0**	**3,943**	**0**	**0**	**39**	**3,982**
C.1 Sales	0	0	0	0	0	0
C.2 Amortisation	0	2,062	0	0	39	2,100
C.3 Value adjustments due to impairment allocated to:	**0**	**0**	**0**	**0**	**0**	**0**
a) shareholders' equity	*0*	*0*	*0*	*0*	*0*	*0*
b) profit and loss account	*0*	*0*	*0*	*0*	*0*	*0*
C.4 Decreases of fair value allocated to:	**0**	**0**	**0**	**0**	**0**	**0**
a) shareholders' equity	0	0	0	0	0	0
b) profit and loss account	0	0	0	0	0	0
C.5 Decreases in exchange rates	0	0	0	0	0	0
C.6 Transfers to:	**0**	**0**	**0**	**0**	**0**	**0**
a) property, plants and equipment held as investments	0	0	0	0	0	0
b) non-current assets and groups of assets in the course of divestment	0	0	0	0	0	0
C.7 Other variations	0	1,882	0	0	0	1,882
D. Final net values	**0**	**9,459**	**0**	**0**	**75**	**9,535**
D.1 Net total reductions of value	0	9,884	0	0	148	10,032
D.2 Final gross values	**0**	**19,344**	**0**	**0**	**223**	**19,567**
E. Measurement at cost	**0**	**0**	**0**	**0**	**0**	**0**

9.7 Property, plants and equipment held as investments: annual variations

Line items	Land	Buildings	Furniture	Electronic equipment	Other	Total 31/12/2023
A. Gross initial value	**1,084**	**13,962**	**0**	**0**	**0**	**15,046**
A.1 Net total reductions of value	0	107	0	0	0	**107**
A.2 Net initial value	**1,084**	**13,854**	**0**	**0**	**0**	**14,938**
B. Additions:	**0**	**4,944**	**0**	**0**	**0**	**4,944**
B.1 Purchases	0	2,683	0	0	0	**2,683**
of which: company merger transactions	*0*	*0*	*0*	*0*	*0*	***0***
B.2 Expenses for capitalised improvements	0	274	0	0	0	**274**
B.3 Write-backs of value	0	0	0	0	0	**0**
B.4 Increases of fair value allocated to:	**0**	**142**	**0**	**0**	**0**	**142**
a) shareholders' equity	*0*	*0*	*0*	*0*	*0*	***0***
b) profit and loss account	*0*	*142*	*0*	*0*	*0*	***142***
B.5 Increases in exchange rates	0	0	0	0	0	**0**
B.6 Transfers from buildings held as investments	0	0	0	0	0	**0**
B.7 Other variations	0	1,845	0	0	0	**1,845**
C. Reductions:	**953**	**905**	**0**	**0**	**0**	**1,859**
C.1 Sales	0	0	0	0	0	**0**
of which: company merger transactions	0	0	0	0	0	**0**
C.2 Depreciation	0	0	0	0	0	**0**
C.3 Value adjustments due to impairment allocated to:	**0**	**0**	**0**	**0**	**0**	**0**
a) shareholders' equity	*0*	*0*	*0*	*0*	*0*	***0***
b) profit and loss account	*0*	*0*	*0*	*0*	*0*	***0***
C.4 Decreases of fair value allocated to:	**0**	**52**	**0**	**0**	**0**	**52**
a) shareholders' equity	*0*	*0*	*0*	*0*	*0*	***0***
b) profit and loss account	*0*	*52*	*0*	*0*	*0*	***52***
C.5 Decreases in exchange rates	0	0	0	0	0	**0**
C.6 Transfers to:	**0**	**0**	**0**	**0**	**0**	**0**
a) property, plants and equipment held as investments	*0*	*0*	*0*	*0*	*0*	***0***
b) assets in the course of divestment	*0*	*0*	*0*	*0*	*0*	***0***
C.7 Variations of value	953	854	0	0	0	**1,807**
D. Final net values	**131**	**17,893**	**0**	**0**	**0**	**18,024**
D.1 Net total reductions of value	0	107	0	0	0	**107**
D.2 Final gross values	**131**	**18,000**	**0**	**0**	**0**	**18,131**
E. Measurement at cost	**0**	**0**	**0**	**0**	**0**	**0**

Section 10 - Intangible assets - Line item 100

10.1 Intangible assets: breakdown by type of asset

Assets/values	Total 31/12/2023		Total 31/12/2022	
	Limited duration	Undefined duration	Limited duration	Undefined duration
A.1 Goodwill	**0**	**0**	**0**	**0**
A.2 Other intangible assets	**4,928**	**0**	**4,235**	**0**
Of which: software	**3,808**		**4,235**	
A.2.1 Assets measured at cost:	3,808	0	4,235	0
a) Intangible assets generated internally	0	0	0	0
b) Other assets	3,808	0	4,235	0
A.2.2 Assets measured at fair value:	1,120	0	0	0
a) Intangible assets generated internally	0	0	0	0
b) Other assets	1,120	0	0	0
Total	**4,928**	**0**	**4,235**	**0**

Notes

Intangible assets measured at fair value, generated within the scope of the company merger of BCC for Web, regard the measurement of relations with customers ("Client Relationship") present in the purchased branch of business and which emerged during the PPA pursuant to IFRS3.

These relationships, represented by managed and administered deposits and current accounts with overdraft facility, were amortised based on the useful life of the accounts, estimated as being 3 years.

The other Bank intangible assets were measured at cost.

10.2 Intangible assets: annual variations

Line items	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total 31/12/2023
		limited duration	undefined duration	limited duration	undefined duration	
A. Gross initial value	**0**	**0**	**0**	**11,811**	**0**	**11,811**
A.1 Net total reductions of value	0	0	0	7,575	0	**7,575**
A.2 Net initial value	**0**	**0**	**0**	**4,235**	**0**	**4,235**
B. Additions	**0**	**0**	**0**	**2,943**	**0**	**2,943**
B.1 Purchases	0	0	0	1,651	0	**1,651**
B.2 Increases of internal intangible assets	0	0	0	0	0	**0**
B.3 Write-backs of value	0	0	0	0	0	**0**
B.4 Increases of fair value	0	0	0	1,291	0	**1,291**
- to shareholders' equity	*0*	*0*	*0*	*0*	*0*	***0***
- to profit and loss account	*0*	*0*	*0*	*1,291*	*0*	***1,291***
B.5 Increases in exchange rates	0	0	0	0	0	**0**
B.6 Other variations	0	0	0	1	0	**1**
C. Reductions	**0**	**0**	**0**	**2,251**	**0**	**2,251**
C.1 Sales	0	0	0	0	0	**0**
C.2 Value adjustments	**0**	**0**	**0**	**2,245**	**0**	**2,245**
- Depreciation	*0*	*0*	*0*	*2,245*	*0*	***2,245***
- Write-downs	***0***	***0***	***0***	***0***	***0***	***0***
+ shareholders' equity	*0*	*0*	*0*	*0*	*0*	***0***
+ profit and loss account	*0*	*0*	*0*	*0*	*0*	***0***
C.3 Decreases of fair value	**0**	**0**	**0**	**0**	**0**	**0**
- to shareholders' equity	*0*	*0*	*0*	*0*	*0*	***0***
- to profit and loss account	*0*	*0*	*0*	*0*	*0*	***0***
C.4 Transfers to non-current assets in the course of divestment	0	0	0	0	0	**0**
C.5 Decreases in exchange rates	0	0	0	0	0	**0**
C.6 Variations of value	0	0	0	6	0	**6**
D. Final net values	**0**	**0**	**0**	**4,928**	**0**	**4,928**
D.1 Total net value adjustments	0	0	0	9,820	0	**9,820**
E. Final gross values	**0**	**0**	**0**	**14,748**	**0**	**14,748**
F. Measurement at cost	**0**	**0**	**0**	**0**	**0**	**0**

Notes

At 31 December 2023, other intangible assets were represented wholly by expenses for company.

Section 11 - Tax assets and liabilities- Asset line item 110 and Liabilities sine item 60

11.1 Assets from pre-paid taxes: breakdown

Line items/values	Total at 31/12/2023	Total at 31/12/2022
1. Multi-year costs	34	0
2. Personnel costs	287	261
3. Receivables	10,627	15,296
4. Entertainment expenses	0	0
5. Financial instruments (HTCL securities)	4,174	10,503
6. Tax losses	547	1,237

Line items/values	Total at 31/12/2023	Total at 31/12/2022
7. Goodwill	1,364	1,461
8. Other	49	24
Total	**17,082**	**28,782**

Notes

The line item "Financial instruments" shows tax receivables related to financial instruments classified in the portfolio of financial assets measured at fair value with impact on total profits.

The line item "Tax losses" measured as at 31 December 2023 shows the recognised share of tax receivables calculated on tax losses accrued as at 31.12.2019 by Invest Banca, purchased with the merger transaction.

point 2. – Detail of from pre-paid taxes:

N.	Line items/values	Total at 31/12/2023	Total at 31/12/2022
01.	IRAP (tax on productive activities) scheduled for 2018 - deferred to 2026	0	0
02.	IRES (corporate income tax) scheduled for 2018 - deferred to 2026	0	0
03.	IRAP (tax on productive activities) scheduled for 2019 – deferred in 4 instalments from 2022 to 2025	0	0
04.	IRES (corporate income tax) scheduled for il 2019 – deferred in 4 instalments from 2022 to 2025	0	0
05.	IRAP (tax on productive activities) scheduled for 2020	0	0
06.	IRES (corporate income tax) scheduled for 2020	0	0
07.	IRAP (tax on productive activities) scheduled for 2021	0	0
08.	IRES (corporate income tax) scheduled for 2021	0	0
09.	IRAP (tax on productive activities) scheduled for 2022	0	0
10.	IRES scheduled for 2022	0	0
11.	IRAP (tax on productive activities) scheduled for 2023	0	552
12.	IRES (corporate income tax) scheduled for 2023	0	3,617
13.	IRAP (tax on productive activities) scheduled for 2024	530	552
14.	IRES (corporate income tax) scheduled for 2024	3,473	3,617
15.	IRAP (tax on productive activities) scheduled for 2025	324	346
16.	IRES (corporate income tax) scheduled for 2025	2,122	2,267
17.	IRAP (tax on productive activities) scheduled for 2026	227	249
18.	IRES (corporate income tax) scheduled for 2026	1,485	1,630
19.	IRAP (tax on productive activities) on adjustment for FTA of IFRS9 scheduled for 2028	416	416
20.	IRES (corporate income tax) on adjustments for FTA of IFRS9 scheduled for 2028	2,052	2,052
	Total	**10,627**	**15,296**

11.2 Liabilities for deferred taxes: breakdown

Line items/values	Total at 31/12/2023	Total at 31/12/2022
1. Property, plant and equipment	0	106
2. Personnel costs	0	0
3. Former credit risk fund	0	0
4. Equity investments	16	13
5. Financial instruments (HTCL securities)	0	0
6. Goodwill	0	0
7. Other	377	394
Total	**394**	**513**

Notes

The line item "Equity investments" shows tax liabilities referred to equity investments calculated at the IRES rate (27.50%) on 5.00% of overall capital gain (949 thousand euro).

The line item "Financial instruments" shows tax liabilities related to financial instruments classified in the portfolios of financial assets measured at fair value with impact on total profits.

11.3 Variations to pre-paid taxes (as an offset to the income statement)

Line items	Total at 31/12/2023	Total at 31/12/2022
1. Initial value	**18,018**	**19,401**
2. Additions	**129**	**154**
2.1 Pre-paid taxes recognised during the fiscal year	63	154
a) related to previous fiscal years	*0*	*0*
b) due to changes in accounting criteria	*0*	*0*
c) write-backs of value	*0*	*0*
d) other	*63*	*154*
2.2 New taxes or increases of tax rates	66	0
2.3 Other additions	0	0
3. Reductions	**5,526**	**1,537**
3.1 Pre-paid taxes derecognised during the fiscal year	4,836	1,330
a) reversals	*39*	*1,330*
b) write-downs for receivables written off as unrecoverable	*4,797*	*0*

Line items	Total at 31/12/2023	Total at 31/12/2022
c) changes to accounting criteria	*0*	*0*
d) other	*0*	*0*
3.2 Reductions in tax rates	0	0
3.3 Other reductions	690	206
a) transformation into tax credits pursuant to Law. 214/2011	*0*	*0*
b) other	*690*	*206*
4. Final value	**12,621**	**18,018**

The table summarises all pre-paid taxes which will be absorbed in subsequent fiscal years as offsets to the income statement.

11.4 Variations to pre-paid taxes pursuant to L. 214/2011 (as offset in the income statement)

Line item	Total at 31/12/2023	Total at 31/12/2022
1. Initial value	**12,829**	**14,007**
2. Additions	**0**	**0**
3. Reductions	**4,669**	**1,178**
3.1 reversals	4,669	1,178
3.2 transformation into tax credit	0	0
a) deriving from operating losses	*0*	*0*
b) deriving from tax losses	*0*	*0*
3.3 other reductions	0	0
4. Final value	**8,160**	**12,829**

11.5 Variations to deferred taxes (as an offset to the income statement)

Line item	Total at 31/12/2023	Total at 31/12/2022
1. Initial value	**500**	**560**
2. Additions	**14**	**136**
2.1 Deferred taxes recognised during the fiscal year	**14**	**136**
a) related to previous fiscal years	*0*	*0*
b) due to changes in accounting criteria	*0*	*0*
c) other	*14*	*136*
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0
3. Reductions	**136**	**197**
3.1 Deferred taxes derecognised during the fiscal year	**136**	**197**
a) reversals	*136*	*197*
b) due to changes in accounting criteria	*0*	*0*
c) other	*0*	*0*
3.2 Reductions in tax rates	0	0
3.3 Other reductions	0	0
4. Final value	**377**	**500**

Notes

The table summarises all deferred taxes that will be absorbed during subsequent fiscal years as offsets in the income statement.

11.6 Variations to pre-paid taxes (as an offset to shareholders' equity)

Line items	Total at 31/12/2023	Total at 31/12/2022
1. Initial value	**10,763**	**1,524**
2. Additions	**72**	**9,400**
2.1 Pre-paid taxes recognised during the fiscal year	**0**	**9,400**
a) related to previous fiscal years	*0*	*0*
b) due to changes in accounting criteria	*0*	*0*
c) other	*72*	*9,400*
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0
3. Reductions	**6,374**	**161**
3.1 Pre-paid taxes derecognised during the fiscal year	**6,374**	**161**
a) reversals	*6,374*	*161*
b) write-downs for receivables written off as unrecoverable	*0*	*0*
c) due to changes in accounting criteria	*0*	*0*
d) other	*0*	*0*
3.2 Reductions in tax rates	0	0
3.3 Other reductions	0	0
4. Final value	**4,461**	**10,763**

Notes

The variations refer to pre-paid taxes recorded in movements of reserves of shareholders' equity relative to financial instruments classified in the portfolios of financial assets measured fair value with impact on total profits.

11.7 Variations to deferred taxes (as an offset to shareholders' equity)

Line items	Total at 31/12/2023	Total at 31/12/2022
1. Initial value	**13**	**28**

Line items	Total at 31/12/2023	Total at 31/12/2022
2. Additions	**3**	**0**
2.1 Deferred taxes recognized during the fiscal year	**3**	**0**
a) related to previous fiscal years	*0*	*0*
b) due to changes in accounting criteria	*0*	*0*
c) other	*3*	*0*
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0
3. Reductions	**0**	**15**
3.1 Deferred taxes derecognized during the fiscal year	**0**	**15**
a) reversals	*0*	*15*
b) due to changes in accounting criteria	*0*	*0*
c) other	*0*	*0*
3.2 Reductions in tax rates	0	0
3.3 Other reductions	0	0
4. Final value	**16**	**13**

11.8 Other information - Assets due to current taxes – Breakdown

Line items	Total at 31/12/2023	Total at 31/12/2022
1. Advances paid to the tax authority	2,292	2,600
2. Tax receivables - principal	7,189	8,679
3. Tax receivables - interest	0	35
4. Other withholdings	160	127
Total	**9,641**	**11,442**

Notes
Assets due to current taxes in 2023 are shown on a “closed account” basis in the balance sheet and on an "open account" basis in the table above.

11.8 Other information - Liabilities due to current taxes – Breakdown

Line items	Total at 31/12/2023	Total at 31/12/2022
1. Fund for IRES tax	2,905	3,163
2. Fund for IRAP tax	1,001	1,138
3. Fund for stamp duties	0	0
4. Tax fund – substitute tax Law L. 244/2007	0	0
5. Tax fund - other	0	26
Total	**3,906**	**4,326**

Notes
Liabilities due to current taxes in 2023 are shown on a “closed account” basis in the balance sheet and on an “open account” basis in the table above.

Section 13 - Other assets - Line item 130

13.1 Other assets: breakdown

Line item	Total at 31/12/2023	Total at 31/12/2022
01. Other debtors	5,531	4,740
02. Entries in transit	5,506	0
03. Entries being processed	24,144	20,931
04. Various entries to be settled	290	219
05. Stipulated mortgage loans to be disbursed	0	1,250
06. Checks, bills returned unpaid and protested	37	10
07. Assets sold and not derecognised	0	0
08. Assets for expenses on third party goods	1,127	1,014
09. Expenses not yet invoiced	324	234
10. Costs to be allocated	0	242
11. Advance operations on securities	812	456
12. Various open entries	16,111	15,054
13. Accrued income and prepayments	3,094	1,571
14. Securities to be settled (sales)	21,533	0
15. Loans for tax bonuses	97,829	58,989
16. Various tax entries	0	25
17. Other assets	376	201
Total	**176,715**	**104,936**

LIABILITIES

Section 1 - Financial liabilities measured at amortised cost - Line item 10

1.1 Financial liabilities measured at amortised cost: breakdown by type of payable to banks

Type of transaction/assets	Total at 31/12/2023				Total at 31/12/2022				Var.	% Var.
	Book value	Fair value			Book value	Fair value				
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		
1. Payable to central banks	**549,300**	**X**	**X**	**X**	**954,301**	**X**	**X**	**X**	**-405,001**	**-42.44%**
2. Payable to banks	**91,772**				**135,087**				**-43,315**	**-32.06%**
2.1 Bank accounts and demand deposits	86,067	X	X	X	114,653	X	X	X	-28,586	-24.93%
2.2 Term deposits	0	X	X	X	15,018	X	X	X	-15,018	-100.00%
2.3 Loans	5,594	X	X	X	5,091	X	X	X	503	9.89%
2.3.1 Repurchase agreement liabilities	0	X	X	X	0	X	X	X	0	-
2.3.2 Other	5,594	X	X	X	5,091	X	X	X	503	9.89%
2.4 Liabilities for commitments to repurchase own shares	0	X	X	X	0	X	X	X	0	-
2.5 Payable for leases	0	X	X	X	0	X	X	X	0	-
2.6 Other payables	110	X	X	X	325	X	X	X	-215	-66.16%
Total	**641,072**	**0**	**0**	**641,072**	**1,089,388**	**0**	**0**	**1,089,388**	**-448,316**	**-41.15%**

Level 1 = Fair value of a financial instrument listed on a regulated market;
Level 2 = Fair value measured based on methods of evaluation that use observable market parameters as references, other than the listings of the financial instrument;
Level 3 = Fair value calculated based on methods of evaluation that use parameters not observable on the market as references.

Notes

Payables to banks are all measured at cost or at amortised cost.
The line item “Payable to central banks” includes the TLTROIII opened by the bank in the 2020 and 2021 fiscal years – and still existing as at the date of these financial statements – for a total of € 549,300 thousand.
Specifically, the amount at 31/12/2023 is equal to the original deposit (€ 1,075 million) less the deposits closed in 2022 and in 2023, for € 540 million and net of interest expenses calculated at the rates applied in the various periods on the residual debt for € 14,300 thousand.

1.2 Financial liabilities measured at amortised cost: breakdown by type of payable to customers

Type of transaction/assets	Total at 31/12/2023				Total at 31/12/2022				Var.	% Var.
	Book value	Fair value			Book value	Fair value				
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		
1. Bank accounts and demand deposits	2,452,653	X	X	X	2,634,970	X	X	X	-182,317	-6.92%
2. Term deposits	858,612	X	X	X	540,004	X	X	X	318,607	59.00%
3. Loans	215,568	X	X	X	205,351	X	X	X	10,217	4.98%
3.1 Repurchase agreement liabilities	*215,568*	*X*	*X*	*X*	*205,351*	*X*	*X*	*X*	*10,217*	*4.98%*
3.2. Other	*0*	*X*	*X*	*X*	*0*	*X*	*X*	*X*	*0*	
4. Liabilities for commitments to repurchase own shares	0	X	X	X	0	X	X	X	0	
5. Payable for leases	10,104	X	X	X	12,832	X	X	X	-2,728	-21.26%
6. Other payables	102,458	X	X	X	2,163	X	X	X	100,295	4635.92%
Total	**3,639,396**			**3,639,396**	**3,395,321**			**3,395,321**	**244,075**	**7.19%**

Key:

Level 1 = Fair value of a financial instrument listed on a regulated market;
Level 2 = Fair value measured based on methods of evaluation that use observable market parameters as references, other than the listings of the financial instrument;
Level 3 = Fair value calculated based on methods of evaluation that use parameters not observable on the market as references.

Notes

Payables to customers are all measured at cost or at amortised cost.
Line item 5 "Liabilities for leases" includes liabilities for leases booked in accordance with the new IFRS16 accounting standard.
Line item 6 "Other payables" includes liabilities associated to assets sold and not derecognised relative to the securitisation transaction concluded during the month of September 2023.

1.3 Financial liabilities measured at amortised cost: breakdown by type of outstanding securities

Type of security/Values	Total at 31/12/2023				Total at 31/12/2022			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Securities								

Type of security/Values	Total at 31/12/2023				Total at 31/12/2022			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
1. Bonds	172,406	0	0	172,406	158,494	0	0	158,494
1.1 structured	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
1.2 other	*172,406*	*0*	*0*	*172,406*	*158,494*	*0*	*0*	*158,494*
2. Other securities	15	0	0	15	79	0	0	79
2.1 structured	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
2.2 other	*15*	*0*	*0*	*15*	*79*	*0*	*0*	*79*
Total	**172,421**	**0**	**0**	**172,421**	**158,574**	**0**	**0**	**158,574**

Key:
Level 1 = Fair value of a financial instrument listed on a regulated market;
Level 2 = Fair value measured based on methods of evaluation that use observable market parameters as references, other than the listings of the financial instrument;
Level 3 = Fair value calculated based on methods of evaluation that use parameters not observable on the market as references.
Notes
The table shows bank funding represented by securities that, in addition to bonds, also include outstanding and matured deposit certificates to be redeemed.
The liabilities are shown net of repurchased bonds.
All of the liabilities are measured at cost or at amortised cost, with the exception of entries that are the object of specific hedges of the interest rate risk on which the effect of the Swap was capitalised.

1.4 Financial liabilities measured at amortised cost: detail of subordinate liabilities/securities

ISIN	Date of issue	Date of redemption	Value at issue	Amount attributable to own funds
IT0005337719	28/06/2018	28/06/2025	30,000	8,954
IT0005371270	10/06/2019	10/06/2029	5,000	5,000
IT0005376287	20/06/2019	20/06/2029	1,000	1,000
IT0005385668	25/09/2019	25/09/2029	2,000	2,000
IT0005391518	05/12/2019	05/12/2029	1,000	1,000
IT0005396426	20/12/2019	20/12/2024	3,000	583
IT0005253148	01/06/2017	01/06/2024	4,700	394
IT0005487118	15/03/2022	15/03/2029	2,000	2,000
IT0005495574	16/05/2022	16/05/2030	3,000	3,000
IT0005498859	29/06/2022	29/06/2030	3,000	3,000
IT0005509135	30/09/2022	30/09/2030	2,000	2,000
IT0005510059	30/09/2022	30/09/2030	3,000	3,000
IT0005514960	20/10/2022	20/10/2030	3,000	3,000
IT0005516395	20/10/2022	20/10/2030	700	700
IT0005516403	20/10/2022	20/10/2030	400	400
IT0005523391	07/12/2022	07/12/2030	2,800	2,800
IT0005527772	29/12/2022	29/12/2030	2,200	2,200
IT0005527780	29/12/2022	29/12/2030	5,000	5,000
IT0005534190	01/03/2023	01/03/2031	800	800
IT0005554495	29/06/2023	29/06/2031	2,000	2,000
IT0005558751	10/08/2023	10/08/2031	800	800
IT0005560534	04/09/2023	04/09/2031	4,500	4,500
IT0005560591	04/09/2023	04/09/2031	2,000	2,000
IT0005561268	20/09/2023	20/09/2031	500	500
IT0005561854	26/09/2023	26/09/2031	8,000	8,000
Total			**92,400**	**64,631**

Notes
The securities shown in the table are "T2" type subordinate debenture loans issued by Banca Cambiano 1884 S.p.A. for an overall nominal value of € 92,400 thousand. At 31 December 2023 the loans in question are eligible for allocation to own funds in the amount of € 64,631 thousand pursuant to regulatory legislation.

1.6 Financial liabilities measured at amortised cost: payable for leases

TIME BRACKETS	31/12/2023		31/12/2022	
	Payments due		Payments due	
	Financial leases	Operating leases	Financial leases	Operating leases
Up to 1 year	0	113	0	82
From over 1 year to 2 years	0	270	0	170
From over 2 years to 3 years	0	1,020	0	457
From over 3 years to 4 years	0	813	0	1,445
From over 4 years to 5 years	0	4,193	0	1,026
Over 5 years	0	3,623	0	9,590
All payments due for the lease	0	10,032	0	12,770
RECONCILIATION WITH LIABILITIES:				

TIME BRACKETS	31/12/2023		31/12/2022	
	Payments due		Payments due	
	Financial leases	Operating leases	Financial leases	Operating leases
Financial profits not accrued (-) (discount effect)	0	72	0	62
Liabilities for leases	**0**	**10,104**	**0**	**12,832**

Notes

Please note that Table "1.6 Liabilities for leases" shows an analysis by time brackets of liabilities referred to leases, as required by the IFRS16 accounting standard and by Bank of Italy Circular n. 262.

Section 2 - Financial liabilities from trading - Line item 20

2.1 Financial liabilities from trading: breakdown by type

Type of transaction/values	Total at 31/12/2023					Total at 31/12/2022				
	Notional value	Fair value			Fair Value (*)	Notional value	Fair value			Fair Value (*)
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. Cash liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1. Payable to banks	0	0	0	0	0	0	0	0	0	0
2. Payable to 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*	*0*	*0*	*0*	*0*	*0*	*0*
3.1.2 Other bonds	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
3.2 Other securities	0	0	0	0	0	0	0	0	0	0
3.2.1 Structured	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
3.2.2 other	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Total A	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B. Derivative instruments	**0**	**0**	**0**	**442**	**0**	**0**	**0**	**0**	**98**	**0**
1. Financial derivatives	0	0	0	442	0	0	0	0	98	0
1.1 For trading	*0*	*0*	*0*	*442*	*0*	*0*	*0*	*0*	*98*	*0*
1.2 Connected to the fair value option	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
1.3 other	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
2. Credit derivatives	0	0	0	0	0	0	0	0	0	0
2.1 For trading	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
2.2 Connected to the fair value option	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
2.3 Other	0	0	0	0	0	0	0	0	0	0
Total B	**0**	**0**	**0**	**442**	**0**	**0**	**0**	**0**	**98**	**0**
Total A + B	**0**	**0**	**0**	**442**	**0**	**0**	**0**	**0**	**98**	**0**

Key:

FV (*) - fair value calculated excluding the value adjustments due to changes in the creditworthiness of the issuer with respect to the date of issue.

Section 3 - Financial liabilities measured at fair value- Line item 30

There are no financial liabilities measured at fair value.

Section 4 - Hedges - Line item 40

4.1 Hedges: breakdown by type of hedge and by hierarchical level

There are no hedges.

Section 8 - Other liabilities - Line item 80

8.1 Other liabilities: breakdown

Line items	Total at 31/12/2023	Total at 31/12/2022
01. Various tax entries	7,777	6,875
02. Entries in transit	14,026	13,821
03. Differences receivable on offsets of third party portfolios	10,996	15,013
04. Suppliers	5,512	3,240
05. Entries being processed and other creditors	51,410	12,330
06. Accrued liabilities and deferred income	3,610	3,784
07. Borrower accounts for stipulated mortgage loans to be disbursed	0	1,250
08. Securities to be settled (purchases)	24,485	0
09. Difference of amortised cost on capital instruments	0	220
10. Other liability entries	376	874
Total	**118,192**	**57,407**

Section 9 - Employee severance pay - Line item 90

9.1 Employee severance pay: annual variations

Line items	Total at 31/12/2023	Total at 31/12/2022
A. Initial value	**3,391**	**3,903**
B. Additions	**1,608**	**1,380**
B.1 Provisions for the fiscal year	1,368	1,326
B.2 Other variations	239	54
C. Reductions	**1,744**	**1,893**
C.1 Payments made	397	117
C.2 Other variations	1,347	1,776
D. Final values	**3,255**	**3,391**
Total	**3,255**	**3,391**

Notes

Line item B.1 "Provisions for the fiscal year" includes severance pay matured during the fiscal year in the amount of 1,368 thousand euro.
Line item B.2 "Other variations" includes the “Service Cost” in the amount of 43 thousand euro, "interest cost" for 101 thousand euro and actuarial gains/losses for 95 thousand euro.
Line item C.1 "Payments made" includes the "Benefit Paid" for the IAS purposes of employee severance pay, for 396 thousand euro.
Line item C.2 "Other variations" includes severance pay paid into the Integrative Pension Fund for employees (external) or into the INPS Treasury in the amount of 1,347 thousand euro.

9.1 Other information

In accordance with IAS 19, employee severance pay was measured by applying specific actuarial estimation for the treatment of defined benefit funds.

More detailed information regarding the criteria used for these estimations is provided in the explanatory notes of the various companies comprised in the Bank Group.

Section 10 - Risk and expense funds - Line item 100

10.1 Risk and expense funds: breakdown

Line items/values	Total at 31/12/2023	Total at 31/12/2022
1. Funds for credit risk related to commitments and guarantees issued	2,103	2,048
2. Funds for other commitments and other guarantees issued	0	0
3. Funds for company pensions	0	0
4. Other risk and expense funds	5,321	6,325
4.1 lawsuits	*5,122*	*6,226*
4.2 personnel costs	*80*	*0*
4.3 other	*119*	*99*
Total	**7,424**	**8,372**

10.2 Risk and expense funds: annual variations

Line items	Funds for other commitments and issued guarantees	Pension funds	Other funds	Total at 31/12/2023
A. Initial value	**2,048**	**0**	**6,325**	**8,372**
B. Additions	**651**	**0**	**785**	**1,435**
B.1 Allocations during the fiscal year	651	0	727	**1,378**
B.2 Variations due to the passage of time	0	0	0	**0**
B.3 Variations due to changes to the discount rate	0	0	0	**0**
B.4 Other variations	0	0	58	**58**
C. Reductions	**595**	**0**	**1,789**	**2,384**
C.1 Use during the fiscal year	537	0	1,694	**2,232**
C.2 Variations due to changes to the discount rate	0	0	0	**0**
C.3 Other variations	58	0	94	**152**
D. Final values	**2,103**	**0**	**5,321**	**7,424**

10.3 Fund for credit risk related to issued commitments and financial guarantees

	Funds for credit risk related to issued commitments and financial guarantees			
	First stage	Second stage	Third stage	Total at 31/12/2023
1. Commitments to disburse funds	4	0	0	4
2. Financial guarantees issued	265	38	1,796	2,099
Total	**270**	**38**	**1,796**	**2,103**

10.4 Funds for credit risk related to other issued commitments and guarantees

	Funds for credit risk related to other issued commitments and guarantees			
	First stage	Second stage	Third stage	Total at 31/12/2023
1. Other commitments	0	0	0	0
2. Other issued guarantees	0	0	0	0
Total	**0**	**0**	**0**	**0**

Section 13 – Shareholder's equity – Line items 120, 130, 140, 150, 160, 170, and 180

13.2 Share capital – Number of Parent Company shares: annual variations

Line items/Types	Ordinary	Other
A. Outstanding shares at the start of the fiscal year	**232,800**	**0**
- entirely unrestricted	232,800	0
- with restrictions	0	0
A.1 Treasury shares (-)	0	0
A.2 Outstanding shares: initial value	**232,800**	**0**
B. Additions	**21,739**	**0**
B.1 New issues	**21,739**	**0**
- for payment:	21,739	0
- corporate merger operations	0	0
- conversion of bonds	0	0
- exercise of warrants	0	0
- other	21,739	0
- with no charge:	0	0
- to employees	0	0
- to directors	0	0
- other	0	0
B.2 Sale of treasury shares	0	0
B.3 Other variations	0	0
C. Reductions	**0**	**0**
C.1 Derecognition	0	0
C.2 Purchase of treasury shares	0	0
C.3 Sale of companies	0	0
C.4 Other variations	0	0
D. Outstanding shares: final values	**254,539**	**0**
D.1 Treasury shares (+)	0	0
D.2 Outstanding shares at the end of the fiscal year	**254,539**	**0**
- entirely unrestricted	254,539	0
- with restrictions	0	0

13.3 Share capital: other information - annual variations

Line items	Amounts	Number of shares	Number of shareholders
A. Initial value	**232,800**	**232,800**	**272**
B. Additions	**20,000**	**21,739**	**8**
B.1 Purchase of shares – new shareholders	20,000	21,739	8
B.2 From other additions	0	0	0
C. Reductions	**0**	**0**	**7**
C.1 Redemptions- extinct shareholders	0	0	7
C.2 From other reductions	0	0	0
D. Final values	**252,800**	**254,539**	**273**

Notes

During the fiscal year, the share capital increased by € 20,000 thousand due to the issue of n. 21,739.130 shares at the price of di € 0.92 fully subscribed on 26 June 2023, as described in the report on management.

13.4 Reserves from gains: other information

Line items	Total at 31/12/2023	Total at 31/12/2022
1. Share capital	252,800	232,800
2. Premiums on issue of shares	803	803
3. Reserves	-35,814	-52,259
3.1 Ordinary/extraordinary reserve	46,717	28,775
3.2 Regulatory reserve	0	0
3.3 Reserves - First Time Adoption IAS/IFRS	-78,146	-78,146
3.4 Reserves - Way Out	3,425	3,425
3.5 Reserve for sale/redemption of HTCL securities with OCI options	-4,268	-4,268
3.6 Reserve for payment coupons on capital instruments	-3,543	-2,045
4. (Treasury shares)	0	0

Line items	Total at 31/12/2023	Total at 31/12/2022
5. Valuation reserves	-7,783	-20,516
5.1 Financial assets for trading	0	0
5.2 Financial assets measured at fair value with impact on total profits	-8,182	-20,765
5.3 Financial assets measured at amortised cost	0	0
5.4 Property, plants and equipment	0	0
5.5 Intangible assets	0	0
5.6 Hedging of foreign investments	0	0
5.7 Hedging of cash flows	0	0
5.8 Exchange rate differences	0	0
5.9 Non-current assets in the course of divestment	0	0
5.10 Actuarial profit (loss) on defined benefit plans	-756	-687
5.11 Share of valuation reserves of equity investments measured on the basis of shareholders' equity	1,155	936
5.12 Special revaluation laws	0	0
6. Capital instruments	40,000	30,000
7. Profit (loss) for the fiscal period	23,166	19,136
Total	**273,173**	**209,965**

Notes

Line item 3.3 "Reserves - First Time adoption IAS/IFRS" includes the FTA adjustment deriving from the application of accounting principle IFRS9, that came into effect on 01/01/2018. The detail of the line item in question is shown at the foot of the table relative to Variations to Shareholders' equity.

13.5 Capital instruments: breakdown and annual variations

ISIN	Date of issue	Date of redemption	Value at issue	Amount booked in own funds
IT0005427023	23/11/2020	31/12/2099	1,500	1,500
IT0005429375	15/12/2020	15/12/2099	3,500	3,500
IT0005429755	21/12/2020	21/12/2099	1,000	1,000
IT0005431777	21/12/2020	21/12/2099	500	500
IT0005432130	28/12/2020	28/12/2099	3,500	3,500
IT0005439846	30/03/2021	30/03/2099	5,000	5,000
IT0005454076	11/08/2021	11/08/2099	5,000	5,000
IT0005475055	28/12/2021	28/12/2099	7,000	7,000
IT0005489601	30/03/2022	30/03/2099	3,000	3,000
IT0005566648	10/10/2023	10/10/2099	10,000	10,000
Total			**40,000**	**40,000**

Note

Balance sheet line item 130 "Capital instruments" includes the Additional Tier1 capital instruments issued during previous fiscal years for € 30,000 thousand, and new instruments issued during this fiscal year in review, for an overall nominal value of 10,000 thousand euro. These instruments have been classified in Additional Tier 1 capital, in accordance with Regulation n. 575 of 2013 (CRR).

For detailed information regarding the accounting treatment of in instruments in question, please consult the contents of "Part A – Accounting policies" of the Explanatory Notes.

Section 14 - Equity pertaining to minority interest - Line item 190

14.1 Detail of line item 190 "Equity pertaining to minority interest"

Company name	Total at 31/12/2023	Total at 31/12/2022
Equity investments in consolidated companies with significant third-party shareholdings	1,185	1,188
1. Immobiliare 1884 s.r.l.	0	0
2. Cambiano Leasing S.p.A.	1,185	1,110
3. Invest Italy SIM S.p.A.	0	78
Other equity investments	0	0
Total	**1,185**	**1,188**

Other information

1. Commitments and issued financial guarantees (other than those measured at fair value)

	Nominal value on commitments and issued financial guarantees				Total at 31/12/2023	Total at 31/12/2022
	First stage	Second stage	Third stage	Impaired purchased or originated		
1) Commitments to disburse funds	**794,272**	**72,275**	**13,241**		**879,788**	**988,573**
a) Central banks	0	0	0		0	0
b) Public administrations	974	0	0		974	1,089
c) Banks	2,500	0	0		2,500	2,500
d) Other financial companies	77,753	0	0		77,753	72,443
e) Non finance companies	638,746	67,820	12,746		719,312	828,124
f) Families	74,299	4,455	495		79,250	84,417
2) Issued financial guarantees	**77,769**	**0**	**5,385**		**83,153**	**96,022**
a) Central banks	0	0	0		0	0

	Nominal value on commitments and issued financial guarantees				Total at 31/12/2023	Total at 31/12/2022
	First stage	Second stage	Third stage	Impaired purchased or originated		
b) Public administrations	3	0	0		3	3
c) Banks	0	0	0		0	0
d) Other financial companies	7,130	0	0		7,130	7,213
e) Non finance companies	58,794	0	4,933		63,727	76,867
f) Families	11,843	0	451		12,294	11,939
Total	**872,040**	**72,275**	**18,626**		**962,941**	**1,084,595**

2. Other commitments and other financial guarantees

Portfolios	Nominal value	
	Amount at 31/12/2023	Amount at 31/12/2022
1. Other issued guarantees	**15,119**	**14,876**
of which: impaired	*0*	*330*
a) Central banks	0	0
b) Public administrations	0	0
c) Banks	10,647	9,885
d) Other financial companies	0	0
e) Non finance companies	4,472	4,991
f) Families	0	0
2. Other commitments	**0**	**1,211,455**
of which: impaired	*0*	*0*
a) Central banks	0	0
b) Public administrations	0	0
c) Banks	0	0
d) Other financial companies	0	1,208,314
e) Non finance companies	0	0
f) Families	0	3,141

3. Assets pledged as collateral for own liabilities and commitments

Portfolios	Amount at 31/12/2023	Amount at 31/12/2022
1. Financial assets measured at fair value with impact on profit and loss account	0	18,511
2. Financial assets measured at fair value with impact on total profits	154,775	205,819
3. Financial assets measured at amortised cost	641,203	1,048,223
4. Property, plants and equipment	0	0
of which property, plants and equipment that constitute inventories	0	0

5. Management and trading on behalf of others

Type of service	Amount
1. Execution of trading on behalf of customers	**8,409,282**
a) purchases	3,851,294
settled	3,792,865
not settled	58,429
b) sales	4,557,988
settled	4,498,534
not settled	59,454
2. Individual management of portfolios	**88,016**
3. Custody and management of securities	**4,612,766**
a) third party securities in deposit: related to bank performance as depository bank (excluding asset management)	0
1. securities issued by the bank that prepares the balance sheet	0
2. other securities	0
b) third party securities on deposit (excluding asset management): other	1,619,600
1. securities issued by the bank that prepares the balance sheet	418,382
2. other securities	1,201,217
c) third party securities deposited with third parties	1,641,275
a) third party securities in deposit: related to bank performance as depository bank (excluding asset management)	1,351,891
4. Other transactions	**0**

6. Financial assets subject to on-balance sheet netting, or subject to master netting agreements or similar agreements

Technical forms	Gross amount of financial assets(a)	Amount of financial liabilities netted on-balance sheet (b)	Net amount of financial assets booked in the balance sheet (c = a - b)	Correlated amounts not subject to on-balance sheet netting		Net amount at 31/12/2023 (f = c - d - e)	Net amount at 31/12/2022
				Financial instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	0	0	0	0	0	**0**	**0**
2. Repurchase agreements	0	0	0	0	0	**0**	**0**
3. Loan securities	0	0	0	0	0	**0**	**0**
4. Other	0	0	0	0	0	**0**	**0**
Total at 31/12/2023	**0**	**0**	**0**	**0**	**0**	0	0
Total at 31/12/2022	**0**	**0**	**0**	**0**	**0**		0

7. Financial liabilities subject to on-balance sheet netting, or subject to master netting agreements or similar agreements

Technical forms	Gross amount of financial liabilities (a)	Amount of financial liabilities netted on-balance sheet (b)	Net amount of financial assets booked in the balance sheet (c = a - b)	Correlated amounts not subject to on-balance sheet netting		Net amount at 31/12/2023 (f = c - d - e)	Net amount at 31/12/2022
				Financial instruments (d)	Cash deposits received as collateral (e)		
1. Derivatives	0	0	0	0	0	**0**	**0**
2. Repurchase agreements	0	0	0	0	0	**0**	**0**
3. Loan securities	0	0	0	0	0	**0**	**0**
4. Other	0	0	0	0	0	**0**	**0**
Total at 31/12/2023	**0**	**0**	**0**	**0**	**0**	**0**	
Total at 31/12/2022	**0**	**0**	**0**	**0**	**0**		**0**

PART C – Information on the consolidated income statement

Section 1 – Interest - Line items 10 and 20

1.1 Earned interest and similar income: breakdown

Line items/Technical forms	Debt securities	Loans	Other transactions	Total at 31/12/2023	Total at 31/12/2022	Var.	% Var.
1. Financial assets measured at fair value with impact on income statement:	**1,264**	**0**	**0**	**1,264**	**398**	**866**	217.54%
1.1 Assets held for trading	1,070	0	0	1,070	197	873	444.34%
1.2 Financial assets measured at fair value	0	0	0	0	0	0	-
1.3 Other financial assets obligatorily measured at fair value	194	0	0	194	201	-8	-3.73%
2. Financial assets measured at fair value with impact on total profits	**3,581**	**0**	**X**	**3,581**	**861**	2,720	315.97%
3. Financial assets measured at amortised cost:	**1,546**	**157,278**	**X**	**158,824**	**87,493**	**71,332**	**81.53%**
3.1 Receivables from banks	0	9,890	X	9,890	999	8,891	889.64%
3.2 Receivables from customers	1,546	147,388	X	148,935	86,493	62,441	72.19%
4. Hedges	X	X	0	0	0	0	-
5. Other assets	X	X	3,649	3,649	63	3,585	5646.04%
6. Financial liabilities	X	X	X	0	5,012	-5,012	-100.00%
Total	**6,391**	**157,278**	**3,649**	**167,318**	**93,827**	**73,491**	78.33%
of which: earned interest on impaired financial assets	***0***	***7,585***	***0***	***7,585***	***5,153***	***2,432***	***47.20%***
of which: earned interest on financial leases	***0***	***1,309***	***0***	***1,309***	***768***	***541,27***	***70.48%***

Notes

The line item "earned interest on impaired financial assets" includes both interest on non-performing loans, for € 2,463 thousand, and interest on other impaired exposures for € 5,122 thousand. The interest on non-performing loans includes collected interest, for € 303 thousand, and interest due to the passing of time, booked to this line item in accordance with the IFRS9 accounting principle, for € 2.160 thousand.
The increase of this component, as compared to the previous year, is due to the increase in interest rates.

1.2 Earned interest and similar income: other information

There are no additions or reductions from hedging transactions.

1.2.1 Earned interest on financial assets in foreign currency

Line items/values	Total at 31/12/2023	Total at 31/12/2022
Earned interest on financial assets in foreign currency	1.453	578

1.3 Interest expenses and similar expenses: breakdown

Line items/Technical forms	Debts	Securities	Other transactions	Total at 31/12/2023	Total at 31/12/2022	Var.	% Var.
1. Financial liabilities measured at amortised cost	-67,625	-6,981	0	-74,606	-11,696	-62,911	537.89%
1.1 Payable to central banks	-24,595	X	X	-24,595	0	-24,595	
1.2 Payable to banks	-2,137	X	X	-2,137	-1,239	-897	72.40%
1.3 Payable to customers	-40,894	X	X	-40,894	-5,684	-35,210	619.51%
1.4 Outstanding securities	X	-6,981	X	-6,981	-4,773	-2,208	46.26%
2. Financial liabilities from trading	0	0	0	0	0	0	
3. Financial liabilities measured at fair value	0	0	0	0	0	0	
4. Other liabilities and funds	X	X	-1,641	-1,641	-197	-1,444	732.65%
5. Hedges	X	X	0	0	-87	**87**	-100.00%
6. Financial assets	X	X	X	0	-260	**260**	-100.00%
Total	**-67,625**	**-6,981**	**-1,641**	**-76,247**	**-12,240**	**-64,008**	**522.95%**
of which: interest expenses relative payables for leases	**0**	**0**	**-226**	**-226**	**-196**	**-29**	**14.85%**

1.4 Interest expenses and similar expenses: other information

1.4.1. Interest expenses on financial liabilities in foreign currency

Line items/values	Total at 31/12/2023	Total at 31/12/2022
Interest expenses on financial liabilities in foreign currency	-942	-745

1.5 Interest expenses and similar expenses: differences related to hedges

Line items	Total at 31/12/2023	Total at 31/12/2022
A. Increases related to hedges:	0	0
B. Decreases related to hedges:	0	-87
C. Balance (A-B)	**0**	**87**

Section 2 – Commission - Line items 40 e 50

2.1 Commission income: breakdown

Type of service/Values	Total at 31/12/2023	Total at 31/12/2022	Var.	% Var.
a) Financial instruments	**4,808**	**5,202**	-394	-7.58%
1. Trading of financial instruments	**1,407**	**1,809**	-402	-22.21%
1.1 With underwriting and/or on the basis of an irrevocable commitment	0	0	0	
1.2 Without an irrevocable commitment	1,407	1,809	-402	-22.21%
2. Receipt and transmission of orders and execution of orders on behalf of customers	**2,354**	**1,150**	1,204	104.71%
2.1 Receipt and transmission of orders on one or more financial instruments	270	259	11	4.16%
2.2 Execution of orders on behalf of customers	2,084	891	1,193	133.99%
3. Other commissions connected to activities related to financial instruments	**1,047**	**2,244**	-1,197	-53.33%
of which: own trading	40	1,381	-1,341	-97.12%
of which: asset management	1,007	863	145	16.76%
b) Corporate Finance	**0**	**0**	0	-
1. Consultancy regarding mergers and acquisitions	0	0	0	-
2. Treasury services	0	0	0	-
3. Other commissions connected to corporate finance services	0	0	0	-
c) Investment consultancy services	11	9	1	13.35%
d) Compensation and regulation	0	0	0	-
e) Custody and management of securities	**238**	**206**	32	15.51%
1. Depository bank	0	0	0	-
2. Other commissions connected to custody and management of securities	238	206	32	15.51%
f) Central administrative services for collective asset management	0	0	0	-
g) Fiduciary services	0	0	0	-
h) Payment services	**20,962**	**20,589**	373	1.81%
1. Bank accounts	16,287	15,409	879	5.70%
2. Credit cards	487	1,165	-678	-58.19%
3. Debit cards and other payment cards	2,197	2,162	35	1.61%
4. Bank transfers and other payment orders	1,951	1,813	138	7.59%
5. Other commissions connected to payment services	40	40	0	-0.10%
i) Distribution of third-party services	**4,684**	**4,917**	-233	-4.74%
1. Collective asset management	0	0	0	-
2 Insurance products	3,814	3,669	145	3.94%
3 Insurance products	870	1,248	-378	-30.27%
of which: individual asset management	0	0	0	-
j) Structured finance transactions	0	0	0	-
k) Servicing for securitisation transactions	220	172	48	28.26%
l) Commitments to disburse funds	0	0	0	-
m) Issued financial guarantees	442	553	-112	-20.15%
of which: credit derivatives	0	0	0	-
n) Funding transactions	1,199	1,103	96	8.66%
of which: factoring transactions	0	0	0	-
o) Trading in foreign currencies	1,023	993	30	3.04%
p) Goods	0	0	0	-
q) Other commission income	2,916	2,866	49	1.72%
of which: for asset management of multilateral exchange systems	0	0	0	-
of which: for asset management of organised trading systems	0	0	0	-
Total	**36,502**	**36,611**	**-109**	**-0.30%**

2.2 Commission expenses: breakdown

Services/Values	Total at 31/12/2023	Total at 31/12/2022	Var.	% Var.
a) Financial instruments	-916	-337	-579.57	172.14%
of which: trading of financial instruments	-240	-110	-129.74	117.53%
of which: placement of financial instruments	-41	-18	-22.19	120.18%
of which: individual asset management	-635	-208	-427.64	205.76%
- own	-635	-208	-427.64	205.76%
- delegated by third parties	0	0	0.00	-
b) Compensation and settlements	-1,037	-1,058	20.82	-1.97%

Services/Values	Total at 31/12/2023	Total at 31/12/2022	Var.	% Var.
c) Custody and management of securities	-135	-101	-33.48	33.03%
d) collection and payment services	-2,025	-1,765	-260.01	14.73%
of which: credit cards, debit cards and other payment cards	-1,627	-1,406	-220.11	15.65%
e) Servicing for securitisation transactions	0	0	0.00	-
f) Commitments to receive funds	0	0	0.00	-
g) Received financial guarantees	-1,212	-957	-254.82	26.62%
of which: credit derivatives	0	0	0.00	-
h) off-site offer of financial instruments, products and services	-237	-157	-80.01	51.08%
i) Trading in foreign currency	-325	-349	23.94	-6.86%
j) Other commission expenses	-208	-408	199.47	-48.90%
Total	**-6,095**	**-5,132**	**-963.66**	**18.78%**

Section 3 - Dividends and similar income - Line item 70

3.1 Dividends and similar income: breakdown

Line items/Income	Total at 31/12/2023		Total at 31/12/2022	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	0	0	19	0
B. Other financial assets obligatorily measured at fair value	28	0	24	0
C. Financial assets measured at fair value with impact on total profits	560	0	560	0
D. Equity investments	0	0	0	0
Total	**589**	**0**	**603**	**0**

Section 4 - Net trading result - Line item 80

4.1 Net trading result: breakdown

Transactions/Income components	Gains (A)	Trading profit (B)	Losses (C)	Trading losses (D)	Net income [(A+B) - (C+D)]
1. Financial assets from trading	**3,321**	**9,319**	**757**	**1,773**	**10,110**
1.1 Debt securities	3,304	3,190	757	1,773	3,964
1.2 Capital securities	17	13	0	0	29
1.3 Shares in mutual funds	0	0	0	0	0
1.4 Loans	0	0	0	0	0
1.5 Other	0	6,117	0	0	6,117
2. Financial liabilities from trading	**0**	**0**	**0**	**0**	**0**
2.1 Debt securities	0	0	0	0	0
2.2 Liabilities	0	0	0	0	0
2.3 Other	0	0	0	0	0
3. Financial assets and liabilities: exchange rate differences	**0**	**0**	**0**	**0**	**0**
4. Derivative instruments	**0**	**116**	**0**	**0**	**116**
4.1 Financial derivatives	0	116	0	0	116
- on debt securities interest rates	0	116	0	0	116
- on capital securities equity indexes	0	0	0	0	0
- on currencies and gold	0	0	0	0	0
- other	0	0	0	0	0
4.2 Credit derivatives	0	0	0	0	0
of which: natural hedges connected to the fair value option	X	X	X	X	0,00
Total	**3,321**	**9,435**	**757**	**1,773**	**10,226**

Notes

The table shows the economic results from the portfolio of financial assets held for trading.

Section 5 - Net hedging result - Line item 90

5.1 Net hedging result: breakdown

Income components/Values	Total at 31/12/2023	Total at 31/12/2022
A. Income related to:		
A.1 Hedges of fair value	0	0
A.2 Hedged financial assets (fair value)	0	0
A.3 Hedged financial liabilities (fair value)	0	0
A.4 Hedging of cash flows	0	0
A.5 Assets and liabilities in foreign currency	0	0
Total income from pledged assets (A)	**0**	**0**
B. Expenses related to:		
B.1 Hedges of fair value	0	-2
B.2 Hedged financial assets (fair value)	0	0
B.3 Hedged financial liabilities (fair value)	0	0

Income components/Values	Total at 31/12/2023	Total at 31/12/2022
B.4 Hedging of cash flows	0	0
B.5 Assets and liabilities in foreign currency	0	0
Total expenses from pledged assets (B)	**0**	**-2**
C. Net hedging result (A-B)	**0**	**-2**
of which: income from hedges on net positions	0	0

Notes
The table shows the net income deriving from assets used for hedging.
Therefore, the table details the income components recognised in the income statement, that derive from the measurement of the difference between liabilities that are hedged and the relative hedging contract.

Section 6 - Gains (losses) from disposals/repurchases - Line item 100

6.1 Gains (losses) from disposals/repurchases: breakdown

Line items/Income components	Total at 31/12/2023			Total at 31/12/2022		
	Gains	Losses	Net income	Gains	Losses	Net income
A. Financial assets						
1. Financial assets measured at amortised cost	1,542	5,514	-3,972	822	399	423
1.1 Receivables from banks	0	0	0	0	0	0
1.2 Receivables from customers	1,542	5,514	-3,972	822	399	423
2. Financial assets measured at fair value with impact on total profits	0	0	666	0	225	-225
2.1 Debt securities	666	0	666	0	225	-225
2.2 Loans	0	0	0	0	0	0
Total assets	**1,542**	**5,514**	**-3,307**	**822**	**623**	**198**
B. Financial liabilities measured at amortised cost						
1. Payable to banks	0	0	0	0	0	0
2. Payable to customers	0	0	0	0	0	0
3. Outstanding securities	157	0	157	64	0	64
Total liabilities	**157**	**0**	**157**	**64**	**0**	**64**

Notes
The table shows the economic income deriving from the divestment of financial assets other than those held for trading.

Section 7 - Net income of financial assets and liabilities measured at fair value

7.1 Net value variation of other financial assets and liabilities measured at fair value with impact on profit and loss account: breakdown of other financial assets and liabilities measured at fair value

Transactions/Income components	Gains (A)	Gains from disposal (B)	Losses (C)	Losses from disposal (D)	Net result [(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	0	0	0	0	0
2.1 Outstanding securities	0	0	0	0	0
2.2 Payable to banks	0	0	0	0	0
2.3 Payable to customers	0	0	0	0	0
3. Financial assets and liabilities in foreign currency: exchange rate differences	X	X	X	X	0
Total	**0**	**0**	**0**	**0**	**0**

7.2 Net value variation of other financial assets and liabilities measured at fair value with impact on profit and loss account: breakdown of other financial assets and liabilities obligatorily measured at fair value

Transactions/Income components	Gains (A)	Gains from disposal (B)	Losses (C)	Losses from disposal (D)	Net result [(A+B) - (C+D)]
1. Financial assets	**306**	**0**	**1,716**	**0**	**-1,410**
1.1 Debt securities	166	0	0	0	166
1.2 Capital securities	0	0	0	0	0
1.3 Shares in mutual funds	0	0	1,588	0	-1,588
1.4 Loans	140	0	128	0	12
2. Financial assets and liabilities in foreign currency: exchange rate differences	X	X	X	X	0
Total	**306**	**0**	**1,716**	**0**	**-1,410**

Section 8 - Net adjustments/write-backs of value due to impairment - Line item 130

8.1 Net adjustments due to credit risk relative to financial assets measured at amortised cost: breakdown - Part 1

Transactions/Income components	Value adjustments (1)					
	First stage	Second stage	Third stage		Impaired purchased or originated	
A. Receivables from banks						
- Loans	0	-26	-	0	0	0
- Debt securities	-	-	-	0	0	0
B. Receivables from customers			-	0	0	0
- Loans	-2,760	-2,949	-	-46,165	0	0
- Debt securities	-14	0	-	0	0	0
Total	**-2,774**	**-2,975**	-	**-46,165**	**0**	**0**

8.1 Net value adjustments due to credit risk relative to financial assets measured at amortised cost: breakdown - Part 2

Transactions/Income components	Write-backs of value (2)				Total at 31/12/2023	Total at 31/12/2022
	First stage	Second stage	Third stage	Impaired purchased or originated		
A. Receivables from banks						
- Loans	0	66	0	0	40	1
- Debt securities	0	97	0	0	97	0
B. Receivables from customers	0	0	0	0	0	0
- Loans	890	8,077	22,941	0	-19,966	-22,359
- Debt securities	35	0	0	0	21	-156
Total	**925**	**8,240**	**22,941**	**0**	**-19,808**	**-22,514**

The table summarises the value adjustments and write-backs of value recognized due to the impairment of receivables from customers.

8.2 Net adjustments due to credit risk relative to financial assets measured at fair value with impact total profits: breakdown

Transactions/Income components	Value adjustments (1)						Write-backs of value (2)				Total at 31/12/2023	Total at 31/12/2022
	First stage	Second stage	Third stage		Impaired purchased or originated		First stage	Second stage	Third stage	Impaired purchased or originated		
			Write-off	Other	Write-off	Other						
A. Debt securities	**0**	**0**	**0**	**0**	**0**	**0**	**208**	**17**	**0**	**0**	**225**	**-362**
B. Loans												
- to customers	0	0	0	0	0	0	0	0	0	0	0	0
- to banks	0	0	0	0	0	0	0	0	0	0	0	0
of which: impaired receivables purchased or originated	0	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**208**	**17**	**0**	**0**	**225**	**-362**

Notes

The table summarises the value adjustments and write-backs of value recognised due to the impairment of financial assets measured at fair value with impact on total profits.

Section 9 - Profit (Loss) from contract modifications without derecognition - Line item 140

9.1 Profit (Losses) from contract modifications: breakdown

Line items/Income components	31/12/2023			31/12/2022		
	Profit	Losses	Net income	Profit	Losses	Net income
A. Financial assets						
1.1 Receivables from customers	616	-479	137	419	-199	219
Total	**616**	**-479**	**137**	**419**	**-199**	**219**

Notes

The table shows the net income deriving from contract modifications on financial instruments that do not require derecognition from the balance sheet of the assets, but only a different accounting method that entails recognition in the income statement of the difference between the booking value and the current value of the modified cash flow, discounted at the original interest rate.

Section 12 - Administrative costs - Line item 190

12.1 Personnel costs: breakdown

Type of expense/values	Total at 31/12/2023	Total at 31/12/2022
1) Employees	-33,553	-31,769
a) salaries and wages	-23,007	-21,631
b) social security expenses	-6,259	-5,944
c) severance pay	0	0
d) pension costs	0	-1
e) allocation to employee severance pay	-1,595	-1,421
f) allocation to pension funds and similar commitments:	0	0
- defined contribution plans	0	0
- defined benefit plans	0	0
g) payments to external complementary pension funds	-989	-911
- defined contribution plans	-989	-911
- defined benefit plans	0	0
h) costs deriving from payment agreements based on own equity instruments	0	0
i) other employee benefits	-1,702	-1,862
2) Other personnel	-17	-23
3) Directors and statutory auditors	-970	-923
4) Retired personnel	0	0
5) Recovery of expenses for personnel temporarily transferred to other companies	0	0
6) Recovery of expenses for third party personnel temporarily transferred to the company	0	0
Total	**-34,539**	**-32,714**

12.2 Average number of employees by category

Description	Values at 31/12/2023	Values at 31/12/2022
Employees	**426**	**426**
a) Top management	5	5
b) Middle management	113	110
c) Remaining employees	308	311
Other personnel	**2**	**2**
Total	**428**	**428**

Precise number of employees by category

Description	Values at 31/12/2023	Values at 31/12/2022
Employees	**432**	**435**
a) Top management	5	5
b) Middle management	113	110
c) Remaining employees	314	320
Other	**5**	**1**
Total	**437**	**436**

12.4 Personnel costs: employee benefits

Type of expense/values	Total at 31/12/2023	Total at 31/12/2022
1) Meal vouchers for employees	-489	-601
2) Loyalty bonus for employees	0	0
3) Other employee costs	-1,213	-1,260
Total	**-1,702**	**-1,862**

12.5 Other administrative costs: breakdown

Line items/values	Total at 31/12/2023	Total at 31/12/2022	Var.	% Var.
1. Insurance and security	-870	-664	-207	31.17%
2. Advertising and entertainment	-1,582	-1,247	-335	26.86%
3. Rent for real property	-371	-331	-40	11.98%
4. Maintenance, repairs, transformation of real and personal property	-1,498	-1,315	-183	13.91%
5. Electricity, heating and cleaning services	-1,791	-1,215	-576	47.41%
6. Telex, telephone and postage	-1,142	-1,051	-92	8.74%
7. Costs for data processing	-5,688	-5,574	-115	2.06%
8. Stamped paper and stationary	-298	-335	37	-11.09%
9. Fees to outside professionals	-5,297	-5,502	205	-3.73%
10. Costs for credit recovery	0	0	0	0.00%
11. Technical assistance and maintenance of software products	-9,929	-8,164	-1,764	21.61%
12. Information and registry searches	-1,745	-1,632	-113	6.91%
13. Charitable contributions allocated to the income statement	-8	-30	22	-73.33%
14. Expenses for treasury assets	-2	-1	-1	100.00%
15. Travel and transportation expenses	-619	-400	-219	54.81%
16. Indirect duties and taxes	-6,553	-5,540	-1,013	18.28%
17. Other costs	-5,950	-6,369	419	-6.58%
- Contribution in favour of the Resolution Fund – Ordinary	-1,944	-1,967	23	-1.17%

Line items/values	Total at 31/12/2023	Total at 31/12/2022	Var.	% Var.
- Contribution in favour of the Resolution Fund - Additional	0	0	0	0.00%
- Contribution to the Interbank Deposit Protection Fund	-4,006	-4,402	396	-8.99%
18. Other different costs	-1,933	-1,838	-95	5.14%
Total	**-45,277**	**-41,209**	**-4,069**	**9.87%**

Notes

This line item registered an increase of € 4,069 thousand (9.87%) during the fiscal year.

The negative part of the variation is due to the increase of expenses for stamp duties (+ 820 thousand), largely offset by the increase in recoveries from customers allocated to other operating income, the increase of information technology expenses connected to the new projects and to regulatory compliance and the increase of electrical energy costs.

This line item also decreased, during the period, due to the reduction of contributions to the Resolution Fund and the Interbanking Fund.

Section 13 - Net allocations to risk and expense funds - Line item 200

13.1 Net allocation for credit risk relative to commitments to disburse funds and issued financial guarantees: breakdown

Transactions/Income components	Value adjustments (1)			Write-backs of value (2)		Total at 31/12/2023	Total at 31/12/2022
	First and second stage	Third stage		First and second stage	Third stage		
		Write-off	Altre				
A. Commitments to disburse funds	-6	0	0	15	0	9	0
B. Issued financial guarantees	-115	0	-530	339	183	-122	-95
Total	**-121**	**0**	**-530**	**354**	**183**	**-113**	**-95**

13.2 Net allocations relative to other commitments and to other issued guarantees: breakdown

Transactions/Income components	Value adjustments (1)			Write-backs of value (2)		Total at 31/12/2023	Total at 31/12/2022
	First and second stage	Third stage		First and second stage	Third stage		
		Write-off	Altre				
A. Lending	0	0	0	0	0	0	0,00
B. Issued guarantees	0	0	0	0	0	0	0,00
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0,00**

13.3 Net allocations to risk and expense funds: breakdown

Line items/values	Total at 31/12/2023	Total at 31/12/2022
1. Allocations to pending litigation	-692	-3,272
2. Allocations to interest expense on Ires for taxation year 2009	0	0
3. Other allocations	-35	-44
4. Write-backs of provisions for pending litigation	1,869	3,156
Total	**1,142**	**-159**

Section 14 - Net adjustments/write-backs on property, plants and equipment - Line item 210

14.1 Net adjustments to property, plants and equipment: breakdown

Assets/Income component	Depreciation (a)	Value adjustments due to impairment (b)	Write-backs of value (c)	Net result (a+b-c)
A. Property, plants and equipment	-5,278	0	0	**-5,278**
1. With a functional use	-5,278	0	0	**-5,278**
- Owned	-3,178	0	0	**-3,178**
- Rights of use acquired through leases	-2,100	0	0	**-2,100**
2. Held as investments	0	0	0	**0**
- Owned	0	0	0	**0**
- Rights of use acquired through leases	0	0	0	**0**
3. Inventories	X	0	0	**0**
Total	**-5,278**	**0**	**0**	**-5,278**

Section 15 - Net adjustments/write-backs to intangible assets - Line item 220

15.1 Net adjustments to intangible assets: breakdown

Assets/Income component	Amortisation (a)	Value adjustments due to impairment (b)	Write-backs of value (c)	Net result (a+b-c)
A. Intangible assets	-2,245	0	0	**-2,245**
of which: software	-1,973			**-1,973**
A.1 Owned	-2,245	0	0	**-2,245**
- Generated internally by the company	0	0	0	**0**

Assets/Income component	Amortisation (a)	Value adjustments due to impairment (b)	Write-backs of value (c)	Net result (a+b-c)
- other	-2,245	0	0	**-2,245**
A.2 Rights of use acquired through leases	0	0	0	**0**
Total	**-2,245**	**0**	**0**	**-2,245**

Section 16 - Other operating income and expenses - Line item 230

16.1 Other operating expenses: breakdown

Line items/values	Total at 31/12/2023	Total at 31/12/2022
1. Contingent liabilities and non-existent assets	-2,180	-4,602
2. Use of guarantee funds	0	0
3. Depreciation of third party assets	-215	-250
Total	**-2,395**	**-4,852**

16.2 Other operating income: breakdown

Line items/values	Total at 31/12/2023	Total at 31/12/2022
1. Recovery of expenses	8,205	5,927
2. Contingent assets and non-existent liabilities	118	301
3. Other income	2,696	1,242
Total	**11,020**	**7,470**

Section 17 – Profit (Loss) from equity investments - Line item 250

17.1 Profit (Loss) from equity investments: breakdown

Income component/values	Total at 31/12/2023	Total at 31/12/2022
A. Income	0	0
1. Revaluations	71	1,324
2. Gains from disposal	110	0
3. Write-backs of value	0	0
4. Other income	0	0
B. Expenses	0	0
1. Write-downs	506	132
2. Value adjustments from impairment	0	0
3. Losses from disposals	0	0
4. Other expenses	0	0
Net income	**-324**	**1,192**

Notes:
Line items A.1 "Revaluations" and B.1 "Write-downs" include the variations to shareholders' equity of subsidiaries – relating to the shares held by the Bank - due to both the effect of the capitalisation of the results for the 2022 fiscal year approved by the respective Shareholders' Meetings, and the results recorded during the first 9 months of 2023 approved by the Boards of Directors of the companies.
In particular, the overall amount is due to the following components:
- Revaluation of the shareholding in the company Cabel Industry s.p.a. for 69 thousand euro due to income generated by the subsidiary;
- Write-down of the shareholding in the company C.H. s.p.a. for 506 thousand euro due to losses incurred by the subsidiary;
- Income from the disposal of shareholding in the companies Gardena Capital LTD (€ 11 thousand) and Cabel IP s.p.a. (€ 99 thousand).

Section 18 – Net income from fair value valuation of property, plants and equipment and intangible assets - Line item 260

18.1 Net income from fair value valuation (or revaluation measurement) or at the probable realisable value of property, plants and equipment and intangible assets: breakdown

Asset / Income component	Revaluations (a)	Write-downs (b)	Exchange rate differences		Net income (a-b+c-d)
			Positive (c)	Negative (d)	
A. Property, plants and equipment	142	52	0	0	**91**
A.1 With a functional use	0	0	0	0	**0**
- Owned	0	0	0	0	**0**
- Rights of use acquired through leases	0	0	0	0	**0**
A.2 Held as investments	142	52	0	0	**91**
- Owned	142	52	0	0	**91**
- Rights of use acquired through leases	0	0	0	0	**0**
A.3 Inventories	0	0	0	0	**0**
B. Intangible assets	0	0	0	0	**0**
B.1 Owned	0	0	0	0	**0**
B.1.1- Generated internally by the company	0	0	0	0	**0**
B.1.2- Other	0	0	0	0	**0**
Total	**142**	**52**	**0**	**0**	**91**

Section 19 - Adjustments to value of goodwill - Line item 270

19.1 Adjustments to value of goodwill: breakdown

Income component/values	Total at 31/12/2023	Total at 31/12/2022
Acquisition of Invest Banca	0	0
Total	**0**	**0**

Section 20 - Gains (losses) from disposal of investments - Line item 280

20.1 Gains (losses) from disposal of investments: breakdown

Income component/Values	Total at 31/12/2023	Total at 31/12/2022
A. Property, plants and equipment	48	0
- Gains from disposal	48	0
- Losses from disposals	0	0
B. Other assets	40	16
- Gains from disposal	47	16
- Losses from disposals	-7	0
Net income	**89**	**16**

Section 21 - Income tax for the period on current operations - Line item 300

21.1 Income tax for the period on current operations: breakdown

Income components/Values	Total at 31/12/2023	Total at 31/12/2022
1. Current income tax (-)	-2,555	-4,097
2. Variation of current income tax for previous fiscal years (+/-)	-3	-1
3. Reduction of current income tax for this fiscal year (+)	0	0
3 bis. Reduction of current income tax for the fiscal year for tax credits as per Law n. 214/2011 (+)	0	0
4. Variation of pre-paid taxes (+/-)	-4,707	-1,180
5. Variatio of deferred taxes (+/-)	122	60
6. Fiscal year income tax (-) (-1+/-2+3+3 bis+/-4+/-5)	**-7,143**	**-5,218**

Notes:
Current taxes are measured based on current tax laws.

Summary of fiscal year income taxes by type of tax

Income components/Values	Total at 31/12/2023
- Ires (corporate income tax)	-4,987
- Irap (tax on productive activities)	-1,386
- other taxes	0
Total	**-6,374**

21.2 Reconciliation between theoretical tax burden and effective tax burden on the balance sheet

Line items/values	Ires	Tax rate	Irap	Tax rate
(A) Gain (Loss) from current operations before taxes	30,454		30,454	
(B) Income taxes – Theoretical burden	8,375	27.50%	1,696	5.57%
Reductions of tax base	35,582	27.50%	25,047	5.57%
Additions to tax base	11,014	27.50%	11,456	5.57%
Tax base	5,886		16,863	
Income taxes – effective tax burden	-1,619	27.50%	-939	5.57%
Other pre-paid/deferred taxes	-3,980	27.50%	-604	5.57%
Total taxes	**-5,599**		**-1,544**	
Overall tax	**-7,143**			
Effective tax rate	**-23.45%**			

Section 23 - Profit (loss) for the fiscal period attributable to minority interests - Line item 340

23.1 Detail of line item 330 "Profit (loss) for the fiscal period attributable to minority interests"

Company name	Total at 31/12/2023	Total at 31/12/2022
Consolidated equity investment with significant third party shareholdings	**75**	**38**
1. Immobiliare 1884 s.r.l.	0	0
2. Cambiano Leasing S.p.A.	75	65
3. Invest Italy SIM S.p.A.	0	-28
Other equity investments	**0**	**0**
Total	**75**	**38**

PART D – Overall consolidated profitability

Analytical schedule of overall profitability

	Line items	31/12/2023	31/12/2022
10	**Profit (loss) for the fiscal period**	**23,241**	**19,174**
	Other income components without reversal to the income statement		
20	Capital securities measured at fair value with impact on total profits:	**-92**	**-374**
	a) variations of fair value	**-92**	**-374**
	b) transfer to other components of shareholders' equity	**0**	**0**
30	Financial liabilities measured at fair value with recognition of income effects through profit and loss (variations of own creditworthiness)	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) transfer to other components of shareholders' equity	**0**	**0**
40	Hedges on capital securities measured at fair value with impact on total profits	**0**	**0**
	a) variations of fair value (hedged instrument)	**0**	**0**
	b) variations of fair value (hedging instrument)	**0**	**0**
50	Property, plants and equipment	**0**	**0**
60	Intangible assets	**0**	**0**
70	Defined benefit plans	**-69**	**481**
80	Non-current assets and groups of assets in the course of divestment	**0**	**0**
90	Share of valuation reserves of equity investments measured on the basis of shareholders' equity	**0**	**0**
100	Income taxes related to other income components without reversal to the income statement	**0**	**-9**
	Altre income components with reversal to the income statement		
110	Hedging of foreign investments:	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to the income statement	**0**	**0**
	c) other variations	**0**	**0**
120	Exchange rate differences:	**0**	**0**
	a) variations of value	**0**	**0**
	b) reversal to the income statement	**0**	**0**
	c) variations of value	**0**	**0**
130	Hedging of cash flows:	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to the income statement	**0**	**0**
	c) variations of value	**0**	**0**
	of which: result of net positions	**0**	**0**
140	Hedging instruments (unmeasured instruments)	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to the income statement:	**0**	**0**
	c) variations of value	**0**	**0**
150	Financial assets (other than capital securities) measured at fair value with impact on total profits:	**12,675**	**-27,603**
	a) variations of fair value	**11,790**	**-29,349**
	b) reversal to the income statement:	**885**	**1,385**
	- adjustments due to impairment	**0**	**0**
	- profits/losses from disposal	**0**	**1,385**
	c) variations of value	**885**	**362**
160	Non-current assets and groups of assets in the course of divestment:	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to the income statement	**0**	**0**
	c) variations of value	**0**	**0**
170	Share of valuation reserves of equity investments measured on the basis of shareholders' equity	**219**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to the income statement:	**0**	**0**
	- adjustments due to impairment	**0**	**0**
	- profits/losses from disposal	**0**	**0**
	c) variations of value	**0**	**0**
180	Income tax related to income components with reversal to the income statement	**0**	**9,248**
190	**Total other income components**	**12,733**	**-18,257**
200	**Overall profitability (Line item 10 + 190)**	**35,974**	**917**
			0
210	**Overall consolidated profitability attributable to minority interests**	**75**	**38**
220	**Overall consolidated profitability attributable to the Parent Company**	**35,899**	**880**

Notes

IAS/IFRS international accounting standards allow allocating financial instruments to different business models to which accounting standards are applied that result in the allocation of costs or income directly to special reserves of shareholders' equity without going through the income statement. The schedule, therefore, allows showing the overall result, considering income components accrued and realised in the fiscal year, that were recognised directly in shareholders' equity, sterilising components that were already accrued and thus booked to shareholders' equity in previous fiscal years, but which are subject to a second and definitive allocation to the income statement (so-called reversal) at the time effectively realised.

PART E – Information on risks and the relative hedging policies

Introduction

The Group conducts its activities according to sound and prudent management principles, with a moderate risk propensity, in respect of stability requirements connected to the banking and financial business.
Overall risk propensity is measured synthetically by identifying, within the scope of the Bank's asset resources ("own funds"), a capital component that is not eligible for risk assumption (unexpected losses), held for medium-long term to cover capital against impact in the event of unexpected stress events.
The Group's internal control system ensures implementation of corporate strategies and policies and is composed of all the regulations, procedures and organisational structures aimed at compliance with sound and prudent management principles.
Corporate Bodies have the primary responsibility for ensuring, in line with their respective specific competencies, the completeness, adequacy, efficiency and reliability of the internal control system.
The Group has implemented a traditional type of governance model that entails a Board of Directors, a Board of Statutory Auditors and General Management.
The Board of Directors, within the scope of the guidelines set out by the Parent Company, defines the business model by approving an annual strategic business plan and budget, aware of the risks to which this model exposes the Bank and comprehending the processes by means of which such risks are identified and measured. The Board of Directors, again, following the guidelines decided at Group level, defines and approves strategic policies and periodically reviews them, decides on risk propensity and the relative tolerance levels as well as the risk management policies, ensuring that the Bank's structure is consistent with the business carried out and with the business model adopted.
Risk government policies are set forth in specific regulations/policies that are subject to approval by the Board of Directors.
Uptake of new products and services, launching of new activities, introduction into new markets and, in general, all more significant activities are always subject to approval by the Board of Directors.
Periodically, the Board of Directors verifies that the risks assumed by the Bank in terms of capital adequacy, liquidity and risk-return ratio for management activities are consistent with the risk propensity defined in strategic planning and with regulatory levels.
Furthermore, the Board of Directors verifies compliance with operating limits defined for the assumption of the various types of risk. The Board of Directors ensures consistency between the strategic plan, the business model, the Risk Appetite Framework, the ICAAP-ILAAP process, the budget and the corporate organisation and the internal control system, taking in consideration the evolution of the internal and external conditions within which the Group operates.
The Board of Directors is aided by the Risk Committee, a committee within the Board itself that provides the Board with advisory support and proposal regarding risks and the internal control system.
General Management fully comprehends corporate risks and is responsible for implementing the strategic policies and risk management policies defined by the Board of Directors. In particular, General Management proposes the operating limits with respect to the assumption of the various types of risk, taking into account the stress tests carried out by the various designated function, in accordance with internal policies.
In carrying out its tasks, the Board of Statutory Auditors is provided with appropriate information from the other Corporate Bodies and control functions. The regular presence of the Board of Statutory Auditors at BoD meetings, which are held twice weekly, represents a guarantee with respect to timely information of the Control Body regarding management issues.
Sound and prudent bank management is ensured by an appropriate corporate organisation that provides for a complete and functional internal control system.
In particular, the Group's internal control system is composed of three different levels:

- First level controls (line): aimed at ensuring that operations are carried out correctly. These controls are performed by operating structures or incorporated into the procedures and information technology systems, or carried out during back office activities.
- Second level controls on risks and conformity, also aimed at ensuring, among other things:
  - correct implementation of the risk management process;
  - respect of operating limits assigned to the various functions;
  - conformity of corporate operations to standards, including self-governance regulations.

  Second level controls as assigned to the Risk Management Service, the Compliance Service and the Anti-Money Laundering Service. Given the size and in compliance with the "principle of proportionality", the Compliance function is carried out in co-sourcing with META Srl, a company that meets all the prerequisites in terms of professional qualification and independence. The functions designated to controls are separate from production functions; they contribute to defining the risk management policies and the risk management process.

- Third level controls (internal auditing): aimed at identifying violations of procedures and regulations, and at periodically evaluating the completeness, adequacy, efficiency and reliability of the internal control system and the information technology system.

This activity is carried out by the Internal Audit Service based on the yearly auditing plan approved by the Board of Directors or through spot checks on the operations of the functions involved, requested during the year. Subsequent to the restructuring of the Bank Group, the Internal Audit office has been brought back within the structure of the Bank parent company. Given the size and in accordance with the “proportionality principle”, the internal audit function is carried out in co-sourcing with META S.r.l., a company that meets all the prerequisites in terms of professional qualification and independence.
Corporate control functions in charge of second and third level controls have the authority, resources and competencies required to carry out their tasks.
In conformity with Vigilance provisions, the company organisational structure requires that company control functions report back to the Board of Directors in terms of both hierarchy and functions.
Control functions have access to all the activities carried out by the Bank, both in the central offices and in peripheral offices, as well as to any information relevant to carry out controls.
In accordance with Law 231/01, there is a Vigilance Committee, which is a collective body in charge of assessing the efficiency of organisational measures adopted by the Group to avoid involvement in sanctionable actions pursuant to Law 231 of 2001.
As set forth in the Organisational Model, the committee periodically reports to the Board of Directors.
The risks to which the Group is, or could be exposed, are:
- Credit/counterparty risks
- Market risks
- Operational risks
- Concentration risk
- Interest rate risk on bank portfolio
- Liquidity risk
- Residual risk from CRM
- Climate and environmental risks
- Strategic risk
- Reputational risk
- Risk from securitisation
- Risk of excessive financial leverage
- Risk of assumption of equity investments
- Risks and conflicts of interests vis-à-vis related parties
- Country risk
- Risk of transfer
- Basis risk
- Compliance risk
- Money-laundering risk
- ITC risk
- Risk connected to the management of foreclosed assets.

Attention to the management of climate and environmental risks is of strategic importance. In accordance with Bank of Italy “Supervisory Expectations”, the Bank has adopted an action plan that identifies specific interventions to be executed so as to implement the principles of sustainable finance. During 2022, a project was initiated, aimed at the gradual integration of climate and environmental risks into governance and control systems, into the business model and corporate strategies, into the organisational system, and into operating processes, in compliance with supervisory guidelines regarding climate and environmental risks. In order that the administrative body, first and foremost, and the organisational structure can effectively meet the expectations, a training program has been started, involving the members of Board of Directors and of the Board of Statutory Auditors, General Management, and a broad range of employees.
The ESG project is co-ordinated by an inter-functional work team, that includes the participation of the Compliance, Risk Management, Finance Department, Credit Department and Organisation Function managers. During the month of December 2022, the Board of Directors approved the Bank’s ESG Initiatives Plan to favour a progressive compliance with expectations, specifically as regards the credit risk and investment services areas. During the same meeting of the Board, the creation of the «Sustainability Committee» was approved, which is a management committee composed of top company management, tasked with co-ordinating climate and environmental issues, and supporting the Board of

Directors in the assessment and analysis of sustainability strategies connected to the execution of the Bank's business activities. During the next months, the various Bank functions will be assigned tasks and attributions, in accordance with the outlay of the ESG strategies within the Credit, Finance, Planning and Marketing processes.
The Bank, which belongs to a banking group that is classified among Class 2 intermediaries, in accordance with Bank of Italy Circular 285/2013, adopts the following methods to measure capital adequacy with respect to quantitative risks:
• for credit/counterparty risks and for market risks, the standardised method (TSA),
• for operational risks, the basic method (BIA),
• for concentration risk and for interest rate risk, the simplified methods proposed respectively in annexes B and C/C bis of Bank of Italy Circular 285/2013 and subsequent updates..
In compliance with Tier III requirements, the Gruppo Bancario Cambiano has prepared information for the public relating to the Consolidated Financial Statements for the 2023 reporting year, published on the web site of the Parent Company at the following address: https://www.bancacambiano.it/banca/informativa-al-pubblico/

Section 1 – Risks of accounting consolidation

Quantitative information
Group impaired receivables from customers measured at amortised cost amount to a gross value of € 262.9 million, with specific value adjustments for € 96.7 million, and with a resulting net value of € 166.2 million.
The degree of coverage (so-called "coverage ratio") of impaired receivables from customers measured at amortised cost at 31 December 2023 is equal to 36.8%. Specifically, the aforementioned impaired receivables, classified in the so-called "third stage", in accordance with the IFRS 9 international accounting principle "Financial instruments", include non-performing loans for a net value of € 54.4 million, with a coverage ratio of 47.5% and watchlist receivables for a net value of € 92.5 million, with a coverage ratio of 33.18%.
The Group's in bonis receivables from customers measured at amortised amount to a gross value of € 2,931,2 million, to which portfolio adjustments are connected, in the amount of € 17.6 million, with a resulting net value of € 2,913.6 million, showing a coverage ratio of 0.60%. Of these, receivables from customers for performing loans at greater risk are essentially classified in the so-called "second stage", and are equal to a gross amount of € 316 million, with a coverage ratio of 2.83%.

A. Credit quality
A.1 Exposures for impaired and in bonis receivables: amounts, value adjustments, dynamics and economic distribution
A.1.1 Distribution of financial assets by portfolio to which they belong and by credit quality (balance sheet value)

Portfolios/quality	Non-performing loans	Probable defaults	Impaired overdue positions	In bonis overdue positions	Other in bonis positions	Total at 31/12/2023
1. Financial assets measured at amortised cost	54,369	92,496	19,308	70,288	3,309,362	3,545,822
2. Financial assets measured at fair value with impact on total profits	0	0	0	0	460,627	460,627
3. Financial assets measured at fair value	0	0	0	0	0	0
4. Financial assets obligatorily measured at fair value	0	0	0	0	74,974	74,974
5. Financial assets in the course of divestment	0	0	0	0	0	0
Total at 31/12/2023	**54,369**	**92,496**	**19,308**	**70,288**	**3,844,963**	**4,081,424**
Total at 31/12/2022	**62,855**	**112,283**	**11,433**	**38,177**	**4,245,233**	**4,469,980**

Notes
The table shows the classification by credit quality for the entire portfolio of financial assets, with the exception of equity instruments and of shares in mutual funds, equal to 85,767 thousand euro The values shown are the balance sheet values, net of the relative write-downs.

A.1.2 Distribution of financial assets by portfolio to which they belong and by credit quality (gross and net values)

Portfolios/quality	Impaired				In bonis			Total (net exposure)
	Gross exposure	Overall value adjustments	Net exposure	Overall partial write-offs	Gross exposure	Overall value adjustments	Net exposure	
1. Financial assets measured at amortised cost	262,944	96,771	166,173	0	3,397,573	17,924	3,379,649	**3,545,822**
2. Financial assets measured at fair value with impact on total profits	0	0	0	0	460,893	267	460,627	**460,627**
3. Financial assets measured at fair value	0	0	0	0	0	0	0	**0**
4. Financial assets obligatorily measured at fair value	0	0	0	0	0	0	74,974	**74,974**
5. Financial assets in the course of divestment	0	0	0	0	0	0	0	**0**
Total at 31/12/2023	**262,944**	**96,771**	**166,173**		**3,858,467**	**18,190**	**3,915,251**	**4,081,424**
Total at 31/12/2022	**302,933**	**116,363**	**186,570**		**4,228,334**	**21,840**	**4,283,410**	**4,469,980**

Note
The table shows the classification by credit quality for the entire portfolio of financial assets, with the exception of equity instruments and of shares in mutual funds, equal to 40,043 thousand euro.

A.1.2 bis Distribution of credit exposure by assets with poor credit quality

Portfolios / quality	Assets with evidently poor credit quality		Other assets
	Cumulative Losses	Net exposure	Net exposure
1. Financial assets held for trading	0	0	84,560
2. Hedges	0	0	0
Total	**0**	**0**	**84,560**

Section 2 – Risks of prudential consolidation

Qualitative information

1. General information

The Group’s strategies, the Risk Appetite Framework, and the faculties and rules for loan disbursement and credit management are aimed at:

– meeting the objective of increasing sustainable credit activities, consistently with risk propensity and creation of value;

– portfolio diversification, limiting the concentration of exposures on single counterparties/groups, on single sectors of economic activity;

– an efficient selection of economic groups and individual borrowers, through an accurate analysis of creditworthiness aimed and limiting the risk of insolvency;

– favouring credit interventions aimed at supporting the real economy and the production system;

– constantly monitoring loan relations, both through IT procedures and by means of the systemic monitoring positions, in order to be able to immediately grasp any symptoms of imbalance and promote corrective actions aimed at preventing possible impairment.

The quality of the credit portfolio is constantly monitored by implementing precise operational methods in each stage of credit management.

2. Credit risk management policies

2.1 Organisational aspects

The factors that generate credit risk are tied to the possibility that an unexpected variation in the creditworthiness of a counterparty, to which the Bank has an exposure, may generate a corresponding unexpected variation of the current value of the respective credit exposure.

Therefore, credit risk is not limited only to the counterparty’s insolvency, but also includes the mere deterioration of its creditworthiness.

Taking on credit risk and risk management are governed by formalizing the underlying process, detailing the roles of the corporate bodies involved, operations of all subjects involved, defining the first controls and rendering explicit the roles of all control functions.

The Non-Performing Loans office, reporting to Credit management, is composed of the Legal and Litigation Services Offices and the Problem Debts Management offices and Credits under Special Administration office. The Problem Debts Management Office manages, at a corporate level and according to methods defined by internal regulations, every single problem debt and loans that present anomalous situations, regardless of their classification as performing or non-performing, with the exception of non-performing loans that are managed by the Legal and Litigation Services Office. Problem Debts Management also Supports the Network in carrying out peripheral monitoring activities on single anomalies and problem loans, as well as in defining and implementing corrective actions aimed at ensuring sound administration of the credit process. This activity is aimed at favouring an anticipatory management of credit risk and implementing management strategies aimed at improving the Bank's credit quality. The corporate organisation system assigns management of relationships classified as Probable Default and Non-Performing respectively to the Problem Debt Monitoring Office and the Legal and Litigation Services Office. Impaired loans are managed based on Service regulations and in accordance with the specific impaired loan assessment policy (updated during the meeting of the Board of Directors held on 21/09/2023).

An office to manage credits in special administration has been created within the Problem Debt area, tasked with managing, based on methods set forth by internal regulations and corporate bodies, those exposures with peculiar characteristics that qualify them for management by this specific function. Exposures are assigned to this office regardless of the specific classification, but taking into account the significance that they have within bank exposures, in terms of risk profile and of the actions to be taken.

The Credit Control Office within the Credit Management department, oversees the credit risk monitoring process, in order to detect, even in advance, possible critical evolutions; this activity is carried out within the scope of second instance first level controls and with the aim of providing credit manager and the Problem Debt Management function with all the information required to take necessary measures, and the Risk Management function with all the information required to carry out second level control on credit risks.

The Early Management Office, in the Credit Management department has the objective of controlling the process for concession of forbearance measures, in order to allow identifying forbearance measures that are "economically sustainable", as well as ensuring the pro-active management of the first signs of default and weakness of the borrowing counterparty.

Within the scope of the risk taking and management procedures adopted, the first safeguard filter takes place in the Branch office, through constant and ongoing dialogue with the customers, by means of both internal and external information sources and with the aid of information technology procedures.

During the credit preliminary assessment and review processes, the Bank analyses the customer's financial needs and the documents required to carry out an adequate assessment of the creditworthiness. The decision to grant a loan is therefore based both on the analysis of all the information regarding the economic entity, and on the basis of direct knowledge of the customer and of the economic operating context. All preliminary activities regarding the operational process that lead up to disbursement and periodic review of the loan, are developed with the aim of granting a congruous loan to each individual applicant (and/or group), providing for the most appropriate types of loan and an adequate remuneration for the risk taken.

Within the scope of the "Credit Risk Regulations", the Board of Directors has defined the decision-making autonomy of each body delegated to granting loans. Observance of the powers authorised by the Board of Directors is guaranteed by automatic controls provided for in the IT procedure recently implemented with the new "Easy Loans" application used to manage the preliminary process for loan disbursement.

The loan process will be further revised during the 2024 fiscal year, following completion of the assessment currently underway, regarding the stages of the process relative to the monitoring and management of in bonis loans showing the first signs of default.

Effects deriving from the rise of interest rates and from calamitous events

The Bank has had to manage the credit risk connected to two significant events that occurred during 2023: the effects on retail customers deriving from significant increases in interest rates, and the repercussions on families and companies residing and operating in those areas of the Regions of Emilia-Romagna and Tuscany affected by floods.

The first event, that derives from the monetary policy decision to increase interest rates implemented by the ECB to face the exponential rise of inflation, has significantly worsened charges due by borrowers taking out floating rate loans, particularly as refers to retail customers with mortgage loans.

In accordance with Budget Law n. 27 of 28 December 2022, as a measure to support mortgage loan customers with pre-established legal requirements, among which, first and foremost, an ISEE (indicator of equivalent economic situation) lower than 35 thousand euro, and a floating rate for the duration of the loan not higher than 200 thousand euro, the possibility of transforming the floating rate to a fixed rate, and of possibly re-scheduling the payment plan up to a maximum of 5 years.

As at 31 December 2023, there are approximately 36 loans for which the interest rate has been converted from floating to fixed, for an overall exposure of approximately 3.8 million euro;

The Bank has additionally also extended the support measure to customers that do not meet the requirements set forth by law (ISEE lower than 35 thousand euro); this initiative involved approximately 145 customers in the "families" segment, for an exposure of approximately 20.8 million euro, with a forbearance rate of approximately 5%.

As regards the second event, the year 2023 was characterised by various floods that struck the Italian national territory, and that entailed a series of initiatives by the central government and by banks, in aid of families and businesses. Among

these, Law Decree n. 61 of 1 June 2023, subsequently converted into law on 31 July 2023, containing "Urgent measures to deal with the emergency caused by the floods occurring starting 1 May 2023", subsequent to which the Bank, on customer request and following submission of a self-certification of the damage suffered, pursuant to the provisions of order n. 445 issued by the President of the Republic on 28 December 2000 and subsequent amendments and additions, suspended all instalments for mortgage loans related to buildings cleared or unfit for use, or to the management of commercial businesses, including agricultural enterprises, conducted in the same buildings, for a maximum of 12 months, opting between suspension of the entire instalment or of only the portion of principle.
The residual debt of loans subject to suspension by law was equal to approximately 817 thousand euro and involved about seven credit lines.
Furthermore, on 11 November 2023, ordinance n. 1037 dated 5 November 2023 of the office of the President of the Council of Ministers – Civil Protection Department- was published, with the following subject: "Urgent primary aid civil protection measures consequent to the exceptional weather events occurring starting 2 November 2023 in the territories of the Provinces of Florence, Leghorn, Pisa, Pistoia and Prato", subsequent to which the Bank, on customer request and following submission of a self-certification of the damage suffered, pursuant to the provisions of order n. 445 issued by the President of the Republic on 28 December 2000 and subsequent amendments and additions, suspended all instalments for mortgage loans related to buildings cleared or unfit for use, or to the management of commercial businesses, including agricultural enterprises, conducted in the same buildings, for a maximum of 12 months, opting between suspension of the entire instalment or of only the portion of principle.
The residual debt of loans subject to suspension by law was equal to approximately 3.6 million euro and involved about 23 credit lines.

2.2 Management, measurement and control systems
Risk management, measurement and control systems are formalized within an organisational structure that involves the entire credit process, from the initial preparatory stage to the periodical re-examination, and up to the revocation and recovery.
The Group carries out quantitative and qualitative analyses to periodically measure and control Credit Risk. Specifically, quantitative assessments use various instruments that provide customer economic, financial and equity information.
The Credit Area, reporting to Credit Management, ensures supervision and coordination of the operational stages of the performing loan process, carries out the credit application and, within the scope of its competencies, disbursement process and performs first level controls, again within the scope of its competencies. The Non-Performing Loans office, also reporting to Credit Management, monitors and coordinates all the operational stages of the non-performing loans process.
To support this activity, the Bank adopts specific procedures for the preliminary application/deliberation, credit line renewal and credit risk monitoring stages at a Group level.
In these stages, the Bank uses qualitative and quantitative methods to measure creditworthiness, supported by information technology procedures subject to periodic verification and maintenance.
The preliminary application, deliberation and review of credit lines are governed by a decision-making procedure supported by the PEF "Easy Loans" information technology procedure, that allows verifying (on behalf of all the departments involved in credit management) the status of each borrower or potential borrower. This procedure also allows reconstructing the credit deliberation process by tracking the various steps of the process and the types of analyses carried out.
Two review levels are provided for, in order to keep the procedures slim: one is a simplified review, with limited formalities, which is reserved to the renewal of small credit lines with a regular performance; the other is an ordinary review applied to all other situations.
The objective of defining the classification, evaluation and management criteria for impaired positions, and the methods to control the credit risk trend is also the implementation of a systemic control activity on credit exposures, by the Credit Control Office, in close collaboration with the companies in the Group.
This activity is supported by an electronic procedure that allows for periodic extrapolation of all relations that may show signs of anomalous performance, both internally and externally.
Hence, constant monitoring of the reports provided by the procedure, along with the measurement of other types of events allows for rapid intervention as soon as irregular positions arise, in order to take the necessary measures for problem loans.
All loan positions are also subject to periodical review, carried out individually of each counterparty or group of connected customers.
The entire credit and counterparty risk management process (risk measurement, application and appraisal, disbursement, performance control and monitoring of exposure, review of credit lines, classification of risk positions, intervention in case of anomalies, classification criteria, evaluation and management of impaired exposures), is formalised in the internal regulations of both Banca Cambiano 1884 S.p.a. and Cabel Leasing S.p.a. Second level controls

are ensured by the Risk Management office of Banca Cambiano 1884 S.p.a., to which risk management for Cabel Leasing has also be outsourced, as of November 2018; is responsible for second level controls; this function carries out controls aimed at periodically ascertaining that credit granting, monitoring and classification of credit exposures, the process for recovery and calculation of provisions for impaired loans, are all carried out in compliance with internal and supervisory regulations, and that they are efficacious and reliable as regards the capacity for timely detection and notification of problem loans, and for ensuring the adequacy of value adjustments and the relative writing-off.
Credit risk, like other risks, is mapped in the RAF process, defined by specific objectives and tolerance thresholds. Hence, the Risk Management function monitors credit risk management processes, periodically checking and verifying compliance to risk objectives, operating limits and the risk indicators defined by the Board of Directors, according to the methods and schedules defined in the RAF Regulations and in the risk management processes.
For detailed information regarding the individual management, measurement and control systems, please refer to the contents of Section 1.4 of Part E of the explanatory notes of the Banca Cambiano 1884 S.p.a. financial statements and in Section 3.2.2 of Part D of the explanatory notes of the Cabel Leasing S.p.a. financial statements.
The Group adopts standards methods to determine the minimum capital requirement for credit risk.
As regards the internal capital adequacy evaluation process (ICAAP), the Group uses the so-called Granularity Adjustment simplified algorithm (ref. Annex B, Title III, Chapter 1 Circ. 285/2013) to quantify internal capital vis-à-vis concentration risk for exposure to single counterparties or groups of connected customers.
As regards operations on Securities markets, the Financial Area of the Parent Company conducts evaluations and controls both during the financial instruments acquisition stage, and at subsequent times, during which the breakdown of the area by IAS/IFRS asset class/portfolio is analysed, the counterparty or specific risk level is identified and determined, and compliance with limits and assigned proxies is verified. The outcomes of said analyses are discussed periodically by the Finance Committee, during which time Risk Management submits its own evaluations, consistent with the Risk Appetite Framework.

2.3 Methods for the measurement of expected losses

Expected loss is the product of exposure, probability of default and Loss Given Default.
IFRS 9 provides for a single impairment model, to be applied to financial assets measured at amortised cost and those measured at fair value with contra-entry in OCI (Other Comprehensive Income 16, which is shareholders' equity) as well as to financial guarantees and other commitments to disburse loans, characterized by a prospective view, which requires immediate recognition of losses on receivables even if they are only expected losses.
The stage allocation model applied by the Parent Company Bank and by the Group, based on individual exposures or tranches of exposures in case of debt securities, applies both qualitative and quantitative criteria to measure significant increase of credit risk from the date of initial recognitions of the financial instrument to the evaluation date.

More specifically, a financial instrument may be moved from stage 1 to stage 2 if one of the following variables occurs:

- Variation of the probability of default used for internal management purposes. Therefore, this assessment is made adopting a "relative" criterion. This criterion was revised in July 2022, during the inspection and, in conformity with the current Bank internal rating system, classifies in Stage 2:
  - in bonis exposures with risk of insolvency at the date of initial recognition equal to 1, 2, 3 or 4 that have a final classification that is equal to at least 10;
  - in bonis exposures with risk of insolvency at the date of initial recognition equal to 5 or 6 that have "jumped" 6 classes in the internal PD classification system;
  - in bonis exposures with risk of insolvency at the date of initial recognition equal to 7, 8, 9 or 10 that have "jumped" 5 classes in the internal PD classification system;
  - in bonis exposures with risk of insolvency at the date of initial recognition equal to 11 that have "jumped" 4 classes in the internal PD classification system.

  The previous criterion, in effect as of the month of October 2019 and up to the month of July 2022, entailed including in Stage 2 those exposures that jumped 6 classes from the moment of origin of the probability of default used for internal management purposes, with a final classification of probability of default equal to 11;

- The presence of a position that is overdue/overdrawn– without varying the thresholds of significance provided for by regulations – and has been so for at least 30 days. In this case, in other terms, the credit risk of the exposure is presumed to be "significantly increased" and, therefore it is moved to stage 2 (if the previous exposure was classified in stage 1);
- The presence of forbearance measures, which – again, presumably – entail classification of the exposures among those for which credit risk is "significantly increased" with respect to initial recognition;

- Finally, specific indicators of the credit monitoring system are taken into consideration for the purpose of assessing the movement of exposures from one stage to another. Specifically, this refers to so-called “watch-list” positions, that is, positions subject to monitoring regimes due to individual evidence of criticality.

For Cambiano Leasing, passage of a financial instrument from stage 1 to stage 2 occurs when one of the following to variables takes place:

- In bonis exposures overdrawn/past-due for more than 30 days;
- forborne performing exposures;
- exposures classified as in bonis but characterised by single evidence of critical issues.

The Stage Allocation model is a symmetric model, in that it provides for exposures passing from Stage 1 to Stage 2 and vice versa. Specifically, if at the previous balance sheet date a financial instrument was classified in Stage 2, but at the current balance sheet date it no longer meets the requirements for recognition of a fund equal to expected losses for the duration of the instrument, the position is reclassified in Stage 1. Therefore, no specific permanence criteria are applied in Stage 2, other than those inherent to the quantitative and qualitative parameters that determine the staging (for example, as regards forborne exposures). Consequently, if the parameters in question change and the instrument may be reallocated to stage 1, further permanence in stage 2 is not considered necessary, as the sustainability of the improvement if the customer’s creditworthiness is already evaluated during the processes required by the reference regulations of each staging parameter.
For the purpose of allocating exposures to the various stages on the date of first application of the principle, performing exposures were classified in stages 1 and 2, unlike non performing exposures that were allocated in stage 3.
As regards these latter exposures, please note that the Bank complies with the definition contained in Bank of Italy Circular n. 262/2005, meaning that they correspond to the total amount of impaired overdue/overdrawn exposures, Probable defaults and non-performing loans, such as defined by current supervisory regulations.
The Group’s overall approach to the quantification of expected credit losses is to ensure alignment with regulatory risk parameters.
Once the exposures have been allocated in the various credit risk stages, expected loss, which is the estimated losses on receivables, weighted for the relative probability of occurrence, is calculated along a 12 month period for Stage 1 financial instruments or for the entire residual life of the financial instrument for those classified in Stage 2.
Therefore, as similar evaluation model is applied to all Stage 1 and Stage 2 exposures, the only distinguishing element being the time frame for estimation of expected loss. The evaluation model takes into consideration the following risk factors:

- PD (Probability of Default) – probability of insolvency, a parameter that represents the probability that a counterparty will pass from a “bonis” condition to an “insolvency” condition within the time frame of 1 year (Stage 1) or during the expected life of the financial instrument (Stage 2). The probability of insolvency is calculated based on parameters decided internally by Group companies, and then subsequently including appropriate corrective factors that allow taking into consideration the effects of so-called forward looking information regarding the macro-economic reference scenarios;
- LGD (Loss Given Default) – rate of loss in case of insolvency, a parameter that expresses the incidence of the loss, net of recovery, as a percent value, with respect to the amount of the exposure that has become insolvent, measured based on specific internal Group models. This parameter also includes the expected direct costs of recovery;
- EAD (Exposure at Default) - EAD is treated differently based on the type of exposure and maturity: exposures with a “deterministic” repayment schedule with a known cash flow and maturity and “stochastic” exposures with an unknown cash flow and/or unknown maturity. For exposures with a deterministic repayment schedule EAD is defined by using the repayment schedule based on the evolution of contractual cash flows. For exposures with an unknown repayment plan (for example, not based on instalments, such as bank accounts) EAD is calculated based on special models that take into account both the so-called “on balance” value of the exposure and the “off balance” component considered potentially risky due to the possibility of the counterparty of increasing its borrowing position.

All reasonable and demonstrable information available at the balance sheet date, without incurring excessive cost or effort, are is taken into consideration for the purpose of calculating expected losses. The information used must include past events, current conditions and forecasts regarding future economic conditions.

Inclusion of government-backed guarantees

Starting with the 2021 fiscal year, for Banca Cambiano, as regards loans taken out within the scope of government-backed guarantees established through emergency laws, the Board of Directors, on the basis of a study carried out along with the IT outsourcer and with the help of the company KPMG, approved a new method for the calculation of impairment loss that takes into account the presence of the government-backed guarantee, also in light of the significance that said loans acquired during the 2020-2021 fiscal years. In particular, for the portion backed by the government guarantee, the PD and LGD parameters of the customer are replaced by those of the guarantor, that is the Italian Government, while for the part not secured by the government-backed guarantee, the customer's parameters continue to be applied. The calculation of the portion secured by the government-back guarantee also factors into the so-called residual risk, that is prudentially considered as equal to 20%; therefore, in calculating impairment loss, the portion secured by the government-backed guarantee is reduced by this percent[3].

Management overlays

In the meeting held on 29 December last, the Board of Directors of the Parent Company Bank resolved to release the add-ons on "energy-intensive" businesses (equal to € 5.7 million as at 31/12/2022 for Banca Cambiano and € 537 thousand for Cambiano Leasing), introduced as of the financial statements for the 2022 fiscal year, replacing the management overlays of the 2020 and 2021 fiscal years on Covid loans and government-backed loans, in light of the following considerations:

- Albeit the conflict between Russia and the Ukraine is ongoing, the energy crisis that the war generated and that characterised the 2022 fiscal period can currently be considered as essentially ceased;

- Since the introduction of the add-ons, to date a congruous time has lapsed (almost 12 months), such as to have allowed ascertaining any financial difficulty and the consequent classifications and evaluations of positions;

- The analysis of dynamics relative to Stage 2 has not brought to light a significant deterioration, in the time bracket of reference, of exposures falling within the perimeter of application of the add-ons on "energy-intensive" businesses;

- The concentration of add-ons of significant amounts on individual loans, broadly granted, closely monitored and recently also reviewed by the Board of Directors, with no irregularities during the period that can be traced back to the energy crisis at the base of the criteria for application of the management overlays;

- The updating, regarding measurements as at 31/12/2023 of forward-looking components, that include the macro-economic scenarios based on the most recent forecasts published by Bank of Italy, with reference to which the simulated impact on the portfolio of receivables at 30/11/2023 quantifies an increase in impairment loss on Stage 1 equal to about € 1.30 million, and an increase in impairment loss on Stage 3 unlikely to pay positions equal to € 1.77 million;

- The substantial return to normal operating conditions of the parameters at the base of the IFRS9 model, that first during the Covid period (2020-2021 fiscal years) and then the energy crisis period (2022) were not capable of intercepting the significant rise of credit risk due to the mass recourse to moratoria and the difficulty in finding data inherent to the energy expense of customer companies.

Given the uncertainty of the current economic situation, characterised by the pressure of inflation and the increased interest rates recorded during the year, for the 2023 fiscal period the Board of Directors has nevertheless resolved to continue to maintain an approach alternative to the mechanical application of the models (so-called Overlay Approach) used to calculate the ECL, in line with the process used in 2022 for "energy-intensive" businesses, and in the previous two-year period of the Covid-19 pandemic, providing for the inclusion of specific add-ons on impairment losses in order to capture the expected effects of the increased interest rates on the banking portfolio.

To this end, a perimeter of positions most affected by the current economic situation has been identified, and the relative criteria for calculation of management overlays has been defined, as detailed here following:

- Private individuals, joint-name companies and individual companies classified in Stage 1 who undersigned floating rate instalment loans before 2023 and that during the year have registered average payment delays equal to at least five days. For these positions, the calculation of the management overlay is based on the

[3] For example: if government-backed guarantee coverage for the loan is 80%, the exposure is considered as secured for 64% (80%-20%*80%).

simulation of a “shift" in the risk class with application of an impairment loss equal to that which they would have had, if they had been classified in Stage 2;

- Private individuals, joint-name companies and individual companies classified in Stage 2 who undersigned floating rate instalment loans before 2023 and that during the year have registered average payment delays equal to at least one day. For these positions, the calculation of the management overlay is based on the simulation of a “shift" in the risk class with application of an impairment loss equal to that which they would have had, if they had been classified as impaired past-due (Stage 3);

- Loans backed by commercial real estate properties that, following the rise in interest rates, are less appealing on the real estate market and for which a loss in value is estimated in 2024. For these positions, the calculation of the management overlay is based on the application of the Loss Given Default dedicated to un-secured positions, in lieu of the one dedicated to positioned guaranteed by real estate property.

The calculation of management overlay on loans to companies secured by commercial real estate properties, in particular, is based on the sector reports issued by the European Central Bank, in which it is ascertained that commercial real estate transactions decreased by 47% during the first half of 2023 as compared to the same period of the previous year, that that the largest listed real estate property holders are exchanged with a discount of over 30% as compared to the net equity value.
As regards the Bank’s credit portfolio as at 31/12/2023, the application of criteria for the calculation of the management overlays that have been identified has entailed an increase of impairment loss on Stage 1 equal to approximately € 550 thousand, and an increase in impairment loss on Stage 2 equal to approximately € 1.94 million, resulting in an overall add-on of € 2.49 million.
In particular, the calculation of management overlays based on a simulated “shift” of the class risk for the identified private individuals, joint-name companies and individual companies resulted in an overall add-on between Stage 1 and Stage 2 equal to € 2.12 million, while the calculation of management overlays based on the application of the Loss Given Default dedicated to positions not secured by commercial real estate property resulted in an overall add-on between Stage 1 and 2 equal to € 366 thousand.
In addition to the impact on impairment losses of the application of the add-ons explained above, it is necessary to also consider the additional effects due to the updating of the macro-economic scenarios based on the most recent forecasts published by Bank of Italy (so-called Forward-Looking components), with reference to the month of December 2023. These updates have resulted in a rise in impairment loss equal to € 1.30 million on Stage 1 and € 1.77 million on Stage 3, allocated on watchlist positions.
In accordance with the guidelines of the Parent Company, Cambiano Leasing, that has no significant exposures with private individuals, has calculated management overlays to lease agreements on commercial real estate properties, applying a specific pejorative Loss Given Default on loans secured by commercial real estate. This application resulted in an overall add-on, at 31 December 2023, of 651 thousand/Euro.

2.4 Techniques for mitigating credit risk
The main levers for mitigating credit risk are represented by the system of guarantees that accompany loan exposure, by a limited degree of concentration on specific borrowers, as well as an adequate level of diversification of loans by type and by industry.
In particular, with reference to concentration risk, please note that within the scope of its “credit policies”, the Group has set forth a series of limits regarding credit exposure towards single counterparties or groups of connected customers and towards counterparties belonging to the same economic sector. These limits are constantly monitored by the Risk Management Services.
The methods used to manage guarantees and the relative operating processes are set forth in the Bank’s internal regulations.
The guaranty management process is incorporated in the IT system, which may be accessed to obtain all related information.
In order to mitigate credit risk, the Group uses collateral security and personal guarantees. In particular, the main types of real guarantees used are mortgages on property and financial pledges.
The IT management application allows monitoring the entire mortgage guarantee acquisition, assessment, verification and realization efficaciously, identifying all inherent information. The procedure also allows periodically “updating” the current value of the guarantee itself and monitoring the consistency of the value of the guaranty with respect to the risk. The ratio between the loan and the value of the collateral property is monitored constantly in order to intervene appropriately in the event of drops in the real estate market.

Personal guarantees consist mainly of sureties given by individuals or companies. Guarantees issued by specialized bodies (for example: Confidi) and by Financial institutions (for example: government guarantee through Mediocredito Centrale pursuant to law 662/1996) are also used and, lastly, so are the government guarantees issued following the crisis engendered by the Covid-19 pandemic.
To date, the Group does not use credit derivatives to cover or transfer the risk for credits in portfolio.
The above controls are performed by centralized structures that are separate from those that disburse and review the loan; the Internal Auditing Office ensures that assets are managed properly and prudently by means of periodic controls.
During the fiscal year, as regard the above topics, the Surety and Guarantees Function was established, within the Credit Area, tasked with perfecting sureties after having verified the correct census of the guarantees.

3. Impaired receivables

3.1 Management strategies and policies

On 27 March 2023, the Board of Directors approved the update to the Group's NPL Business Plan (2023-2025) based on Bank of Italy Guidelines for impaired receivables; the Plan was submitted to Bank of Italy on 31 March 2023. The Plan was subsequently revised and submitted again on 21 April 2024, due to certain changes subsequent to approval of the Strategic Plan for 2023-2025, on 14 April 2023.
During the month of March 2024, the Group's NPL Business Plan (2024-2026) was updated once again.
In the NPL Business Plan for 2024-2026 consolidation of the de-risking policy represents the First Pillar, by means of which the Bank intends to limit the burden of impaired receivables on overall receivables. The aim of the Plan is for the Bank to reduce the gross incidence of impaired receivables on total receivables from 8.21% in 2023 to the 6.31% planned for 2026, also through the Bank's plan for disposals cadenced over the three fiscal periods covered by the Plan.
During the 2023 fiscal year, the incidence of impaired receivables on total receivables decreased from 8.83% (not including receivables measured at fair value) to 8.21% due to the effect of the programmed Banca Cambiano disposal transactions during the last quarter of 2023. Specifically:

- On 06/12/2023, the transaction regarding the subscription of shares in the alternative investment fund ("FIA") called the "Fondo Persefone", established by P&G SGR S.p.A. was concluded, for an overall counter-value of € 10.01 million, through the contribution in kind of the right to receive the purchase price of €10.01 million from the disposal of a portfolio of receivables classified as "unlikely to pay" for a counter-value of € 15.30 million, and impairment loss equal to € 3.88 million, to the special purpose vehicle company Caleen SPV. The loss from disposal, entered in line item 100 a) of the income statement, "Gains (losses) from the disposal or repurchase of: financial assets measured at amortised cost" was equal to € 1.72 million.
- On 22/12/2023 the transaction regarding the disposal of receivables classified as non-performing was perfected, for an overall gross exposure of € 21.75 million and n. 199 relations belonging to 120 positions, written-down for € 14.08 million, sold by the Bank to the special purpose vehicle company POPP-1 Srl belonging to the Gruppo Pam Spa at a price of € 3.79 million, with a loss from disposal equal to € 3.79 million, entered in line item 100 a) of the income statement, "Gains (losses) from the disposal or repurchase of: financial assets measured at amortised cost".

Impaired receivables include receivables classified as non-performing, probable defaults and overdue and/or overdrawn for more than ninety days, in accordance with Bank of Italy regulations and in accordance with IAS/IFRS and European Vigilance provisions. The definition of impaired receivables, as set forth by Bank of Italy in Circular 272/2008 (and subsequent updates) is also consistent with the definition of impaired financial assets contained in the IFRS9 accounting principle, with consequent classification of all impaired receivables within Stage 3.

During 2015, Bank of Italy issued the 7th Update of Circular n. 272/2008, which revised previous classifications for impaired credits and introduced the so-called forbearance concept, transposing the definitions introduced by the Implementing Technical Standards (abbreviated to ITS) issued by the European Banking Authority (EBA). The update aims to reduce the existing discretionary margins in accounting and prudential definitions applied in the various member countries, and facilitate data comparability at an EU level.
In particular, the regulations requires the identification, as regards both performing and non-performing loans, call for identification of loan disbursement relations respectively defining the categories of "Forborne performing exposures" (performing loans granted) and "Non-performing exposures with forbearance measures" (impaired loans subject to forbearance).
The regulations define as "forbearance measures" changes to the original contract terms and conditions or total or partial loan refinancing, granted to a debtor who is or is about to enter into difficulty in terms of respecting financial obligations.

In terms of classification of impaired loans, the Group has also transposed the changes made to definitions introduced by the 7th Update of Bank of Italy Circular n. 272/2008. Specifically, impaired financial assets are divided into the categories “non-performing”, “probable default” and “overdue/overdrawn exposures”, based on the following criteria:

- **Non-performing loans:** the overall on-balance sheet and off-balance sheet exposures vis-à-vis a customer in a state of insolvency (even if not judicially ascertained) or in essentially comparable situations, regardless of any loss forecasts formulated by the bank.
- **Probable defaults (“Unlikely to pay”):** classification in this category is, first of all, the result of the Bank’s judgment regarding the unlikelihood that, without recourse to measures such as enforcement of guarantees, the debtor fully pays back the credit (the principal and/or the amount of interest payable). This evaluation must be made aside from the presence of any amounts (or instalments) overdue and not paid. Therefore, it is not necessary to wait for an explicit sign of anomaly (failure to pay), if there are elements that imply a situation of probable default on the part of the debtor (for example, a crisis in the borrower’s industry sector).
- **Impaired overdue and/or overdrawn exposures:** cash loans, other than those classified as non-performing or probable defaults, which, at the date of reference of the notification have been overdue or overdrawn for over 90 days.

On this matter, please note that starting 1 January 2021, for regulatory purposes, the application of the New Definition of Default (DoD) became obligatory, which derives from the implementation of the “RTS on the materiality threshold for credit obligations past due under Article 178 of the CRR (EU Delegated Regulation 2018/171)” and from the correlated EBA guidelines, “EBA Guidelines on the application of the definition of default under Article 178 of the CRR”.
The regulations in question, while confirming the basis of default in a delay in payments and in the probable non-fulfilment of obligations on the part of the borrower, also introduces some more stringent criteria for the identification of impaired exposure and for the subsequent re-entry into the in bonis classification. Specifically, the new Definition of Default establishes the criteria for the identification of past due loans, the method for management of the indicators to be considered for the purpose of identifying probable defaults, the specific aspects of retail exposures, and the criteria for the return of a position to the in bonis condition.
In detail, the main novelties introduced, with respect to the regulations previously in force, regard the following areas:
• new definition of past due:
- Lowering of the “relative” relevance threshold from 5% to 1% (threshold calculated as a ratio between the past due and/or overdue amount and the overall exposure of the customer, both determined at a Banking Group level, without offset of any margins available from other credit lines);
- Introduction of an “absolute” relevance threshold, differentiated by type of exposure (100 euro for retail and 500 euro for non-retail, to be compared to the overall past due and/or overdue amount of the borrower);
- Classification of a borrower as default (NPE) on exceeding both the relevance thresholds for 90 consecutive days;
• introduction of a period of observation of at least 3 months for reclassification as performing for borrowers previously classified as defaults (Non Performing Exposure) who settle their positions;
• classification of a borrower as default in a uniform manner at a Banking Group level, that is, for all active credit obligations vis-à-vis all the companies in the Group;
• classification of a borrower as default if the credit restructuring entails a reduced financial obligation, greater than 1% with respect to the previous one (i.e. Δ NPV > 1%);
• introduction of new rules for the propagation/evaluation of the propagation of the default condition of a position, based on the connection that exists with other positions that have become non-performing;
• impossibility on the Bank’s part to offset existing past due/overdue amounts on certain credit lines of the borrower, with other credit lines that have been opened and not used by the same borrower (so-called available margins).
The criteria introduced by the supervisory regulation have affected the accounting classification of impaired credit exposures (Stage 3), in that the vigilance provisions are deemed consistent with the accounting regulations provided for by IFRS 9, in terms of objective evidence of impairment.
Within the scope of the three categories of impaired loans, in conformity with the regulations, “Non-performing exposures with forbearance measures” are identified).
Therefore, the classification “forborne non-performing” is not a category of impaired loans in itself, but is instead an additional attribution, applicable to positions in any one of the above-mentioned three categories.
Information regarding impaired loans has been integrated into the information technology system with the aid of specific instruments that support management of irregular exposures and track their conditions.
Based on specific irregularity indicators, monitored by means of both information technology procedures and internal evaluations, and in light of the provisions contained in specific internal regulations that govern exposure classification and variations of the relative exposure “status”, the Credit Control Office monitors the risk classification of exposure positions and formulates proposals to the corporate structures of reference for possible status changes or recalculation of expected loss.

With respect to in bonis loans, for management purposes, the Bank has defined the sub-class of credits called Bonis C (watch list), Bonis D (forborne performing under probation) and Bonis E (forborne performing under probation, ex cure period), in which exposures showing a not fully regular trend are classified.
The Problem Debts Management Office is responsible for managing positions classified as probable defaults, promoting initiatives aimed at safeguarding the Group's credit claims.
Non-performing loans are managed by the Legal and Litigation Services office, which evaluate the actions to be taken to maximize credit recovery, also taking action vis-à-vis any guarantors and realizing any guarantees.
The assessment of the possibility of payment of impaired receivables is calculated based on criteria defined by the Board of Directors and contained in the specific evaluation policy, that is currently being updated.
Exposures classified in Stage 3 are classified in the various risk conditions and, consequently, subjected to an analytical or flat-rate analysis. The value adjustments on Stage 3 exposures reflect the expected loss calculated over a time frame equal to the entire life of the respective exposure. Within the framework of its evaluation policies, the Group has used assessment processes and methods characterised by subjective and estimation elements for some variables such as, mainly, expected cash flows, expected recovery times and the likely realizable value of guarantees, where present, which, if modified, could vary the final recoverable value; this determination was based on the use of information available at the date of assessment, taking into due account the possible effects of the pandemic crisis. Impaired receivables that are considered "in bonis" for an amount that is lower than a pre-set threshold, for which there is no objective evidence of expected loss, are not subjected to the flat-rate analysis, which entails the statistical calculation of expected loss and therefore of the respective value adjustments for homogenous categories of exposures (defined based on the counterparty segment and the technical type of the instrument).
Analytical impairment loss, however, must still be assessed whenever there is objective evidence of degradation which requires a precise analysis.
Specifically, with respect to the concept of significance expounded in the current accounting principles, impaired overdue exposures and probable default exposures for individual amounts lower than the threshold of significance set at € 300,000 were subjected to impairment using the flat-rate method.
The evaluation of non-performing exposures is updated periodically in order to allow for timely transposition of any events that may modify prospects for credit recovery.
Non-performing loans are evaluated analytically, that is, based on an accurate study of the recoverability of each position, taking into account all elements that may be useful in terms of defining the probability of repayment.
The evaluation of exposures classified as probable defaults is updated in order to allow for timely transposition of any events that may modify prospects for credit recovery, and ascertain whether they meet the requirements for transfer to impairment.
The following value adjustments are applied to this category:

- For exposures greater than the € 300,000 threshold, analytically;
- For exposures less than or equal to the € 300,000 threshold, for which there is no objective evidence of loss, using the flat-rate method in similar types of exposures.

The evaluation is aimed at calculating any expected losses, while taking into account that exposures are classified in this risk class based on the Bank's assessment of the unlikelihood that, without recourse to measures such as the enforcement of guarantees, the borrower will meet payment obligations fully; evidently, this evaluation must be made regardless of any amounts (or instalments) overdue or not.
Therefore, as regards cases of positions classified as probable defaults, the presumed value of repayment of the receivable is estimated by evaluating the capacity of the borrower to meet all repayment obligations, measured on the basis of all the information available regarding the borrower's financial and economic situation, and the value of any existing collateral underlying the receivable/s in question.
The salvage value is determined, based on the foreseen recovery strategy (distinguishing between management for "business continuity" and management "for disposal"), that reflects the overall degree of risk, by evaluating the capacity to generate cash flows sufficient for repayment and/or on the mere enforcement of collateral and guarantees.
For exposures less than or equal to the € 300,000 threshold, for which there is no objective evidence of loss, value write-downs are calculated using the flat-rate method for similar types of exposures.
Exposures classified ad overdue/overdrawn, for which there is no objective evidence of loss, are evaluated using the flat-rate method for similar types of exposures.
The flat-rate method estimation entails a statistical calculation of expected loss and, therefore, of the respective write-downs in value.
As regards the company Cabel Leasing, Management quantifies adjustments/write-backs due to impairment on a quarterly basis. For stage 1 exposures, the overall value adjustments are equal to the expected losses calculated on a time horizon of up to 1 year, while for stage 2 or 3 exposures, overall value adjustments are equal to expected losses calculated on a time horizon equal to the entire duration of the respective exposure. Such calculations, and the respective hypotheses, are based on previous experience and other factors considered reasonable for the cases in

question; they are nonetheless reviewed regularly, taking into consideration the macro-economic and context. The results of the above activities are submitted to Board of Directors by the General Manager, for approval of the proposals to write-down impaired receivables. Stage 3 impaired receivables, and more precisely, non-performing loans, probable defaults and impaired overdue positions, are subject to analytical evaluation.
For impaired receivables, when the sum of the estimated value of the asset to which the contract and the bank guaranty refer is lower than the receivable booked in the financial statements, the value adjustment/write-back due to impairment is calculated. Said adjustment/write-back is calculated as the difference between the book value and actual value of estimated future cash flows, discounted at the original effective interest rate of the loan; for loan at floating rates, discount rate will be the effective current rate as at the date the credit becomes impaired.
Also for probable defaults and impaired overdue receivables, a value adjustment is made when the booked receivable is greater than the sum of the estimated value of the asset and the guarantee.
For detailed information regarding the impaired financial assets of Group companies, please refer to the contents of Section 1, Part E of the Explanatory Notes for the Financial Statements of Banca Cambiano 1884 S.p.a. and Section 3 Part D of the Explanatory Notes for the Financial Statements of Cambiano Leasing S.p.a.

3.2 Write-offs
As regards impaired receivables, the Group writes off/derecognises – in whole or in part - uncollectable accounting entries (so-called write-off) and consequently allocates the residual unadjusted amount to losses in the following cases:
a) non-recoverability of the receivable, resulting from certain and specific elements (such as, for example, borrower is untraceable or destitute, failed recovery from enforcement action on movable and immovable property, negative foreclosures, insolvency procedures terminated with incomplete recovery for the Bank, if there are no additional guarantees that may be enforced, etc.);
b) debt waiver, following unilateral remission of the loan or residual amount pursuant to agreements;
c) transfer of receivables.
In some circumstances, it also becomes necessary to partially write off gross receivables in order to adjust them to the Group's effective interests. This is the case, for example, in the event of measures that are not under appeal, within the scope of insolvency procedures, based on which a receivable amount lower than the book amount is recognised as due.
Furthermore, the Group has provided for the possibility, on an annual basis, of defining portfolios of impaired receivables to be written off, partially or totally, which collectively have the following macro-characteristics:
– hedging percent > 95%
– average seniority (intended as the period of time passed in a "non-performing" conditions) greater than 6 years.
The company Cabel Leasing writes-off receivables fully when the they are considered non-recoverable or have been fully derecognised. Derecognitions are allocated directly to line item 130 a) "Net adjustments/write-backs due to the impairment of financial assets measured at amortised cost" in the income statement.
During the 2023 fiscal year, the Bank booked write-offs on unsold non performing positions for approximately € 23 million.

3.3 Impaired purchased or originated financial assets
Based on the IFRS9 accounting principle, receivables that are considered already impaired on initial recognition in the balance sheet, due to the respective high risk level, are defined as Purchased or Originated Credit Impaired Asset (POCI). These receivables, if they fall within the scope of application of impairment pursuant to IFRS9, are measured by allocating – starting from initial recognition – a provision to hedge losses for the entire residual life of the credit (so-called Expected Credit Loss Lifetime). As these are impaired receivables, they must be initially classified in Stage 3, although they may be moved, during their lifetime, to Stage 2 if they are considered no longer impaired based on the credit risk analysis.
The Group identifies as "Impaired purchased or originated financial assets":
• credit exposures already impaired at the moment of purchase, and;
• credit exposures originated in the event of restructuring transaction of impaired exposures that determined the disbursement of new funding, or introduced substantial changes to the original contract conditions.

4. . Financial assets subject to commercial renegotiation and exposures covered by forbearance
The new policy for the management of exposures covered by forbearance (Forbearance Policy) was approved on 27/01/2020).
Regulations implemented by the Group provide for clear lines being drawn between commercial renegotiation measures and forbearance on existing loans (so-called forbearance measures).
Commercial renegotiations aim to consolidate the relation with the borrower counterparty who, on in-depth assessment, is nonetheless capable of timely fulfilment of all financial obligations originally taken on.
Instead, a forbearance measure is a variation of contract terms in favour of borrower customers who, even if as a result of temporary events, are no longer capable of meeting the financial obligations originally agreed upon. Therefore,

ascertained financial difficulty is a decisive requirement to qualify changes in the value, times and terms of credit repayment, as forbearance measures. The subjective assessment (judgmental) of the customer on the part of the credit manager is supported by any objective anomalies in the credit exposure detected by the system. Objective financial difficulty is always subjected to a subsequent subjective assessment, which may result in the confirmation of the exclusion of the existence of financial difficulties. The subjective evaluation is nonetheless carried out, regardless of the observance of objective irregularities.
Financial difficulty is considered confirmed if the counterparty is classified as non-performing.
Approval of a forbearance measure:

- involves the completion of procedures that implicate an assessment aimed at verifying the efficacy of the measure in question for the purpose of re-establishing the borrower's autonomous compliant conduct, without the need for further, subsequent support, returning the exposure to a situation of sustainable repayment and, as regards non-performing loans, with the key objective of laying the bases for return to in bonis status. The analysis in question is made up of various stages that elaborate both objective and subjective information;
- involves qualifying the position involved in the measure in question as forborne. A performing counterparty that receives forbearance may conserve the administrative conditions. Nevertheless, the obligation must be met for the entire time that the credit exposure to which forbearance has been applied is qualified as forborne.

When the forbearance measure is perfected, a monitoring period begins, which is called, based on the case, Probation Period (two years of forborne performing exposures) and Cure Period (one year for forborne non-performing exposures). At the end of these periods of time, the possibility of improving the classification of the status or, for performing exposures, the cancellation of the qualification as forborne, may be taken into consideration, but only if the borrower's conduct is compliant and all the conditions provided for by the reference regulations are met.
The above being given, please note that if the contract modifications granted to customers are considered "substantial", based on differentiation for commercial modifications and modifications resulting from forbearance measures, they may result in derecognition of the financial asset from the balance sheet and re-recognition of a new asset (so-called "derecognition accounting"). In this situation, and specifically as regards positions that pass the SPPI test, for the purpose of impairment, the Bank considers the date of initial recognition as the date on which the asset is modified. To the contrary, as regards contract modifications that are considered "not substantial", and therefore not subject to "derecognition accounting", for the purpose of impairment, the Group considers the date of initial recognition as the date on which the instrument is originated.

A. Credit quality

A.1 Impaired and in bonis credit exposures: amounts, value adjustments, dynamics and economic distribution

A.1.1 Prudential consolidation – Distribution of financial assets by time overdue (balance sheet values)

Portfolios/Risk stages	First stage			Second stage			Third stage			Impaired purchased or originated		
	From 1 to 90 days	Over 30 days and up to 90 days	Over 90 days	From 1 to 90 days	Over 30 days and up to 90 days	Over 90 days	From 1 to 90 days	Over 30 days and up to 90 days	Over 90 days	From 1 to 90 days	Over 30 days and up to 90 days	Over 90 days
1. Financial assets measured at amortised cost	16,431	7	0	16,273	23,158	2,697	6,871	5,613	103,309	0	1,208	41
2. Financial assets measured at fair value with impact on total profits	0	0	0	0	0	0	0	0	0	0	0	0
3. Financial assets in the course of divestment	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL AT 31/12/2023	**16,431**	**7**	**0**	**16,273**	**23,158**	**2,697**	**6,871**	**5,613**	**103,309**	**0**	**1,208**	**41**
TOTAL AT 31/12/2022	**12,246**	**372**	**419**	**5,343**	**14,732**	**3,184**	**2,459**	**12,212**	**104,406**	**0**	**0**	**159**

The values shown are the balance sheet values, net of probable default loans.

A.1.2 Prudential consolidation – Financial assets, commitments to disburse funds and issued financial guarantees: dynamics of overall value adjustments and total provisions – part 1

Causal factors/risk stages	Overall value adjustments					
	Assets classified in stage 1					
	Demand receivables from banks and central banks	FA measured at amortised cost	FA measured at fair value with impact on overall profitability	FA in the course of divestment	of which: individual write-downs	of which: collective write-downs
Initial overall adjustments	0	7,048	470	0	677	6,903
Value increases from financial assets purchased or originated	0	0	0	0	0	0
Derecognition other than write-offs	0	0	0	0	0	0
Net adjustments/write-backs due to impairment (+/-)	0	1,844	-209	0	-230	1,865
Contract modifications without derecognition	0	0	0	0	0	0
Changes in the method of estimation	0	0	0	0	0	0
Write-offs not recognised directly in the income statement	0	0	0	0	0	0
Variations of value	0	0	0	0	0	0
Final overall adjustments	0	8,892	261	0	447	8,769
Recoveries from collection on financial assets written-off	0	0	0	0	0	0
Write-offs recognised directly in the income statement	0	0	0	0	0	0

A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and issued financial guarantees: dynamics of overall value adjustments and total provisions – part 2

Causal factors/risk stages	Overall value adjustments					
	Assets classified in stage 2					
	Demand receivables from banks and central banks	FA measured at amortised cost	FA measured at fair value with impact on overall profitability	FA in the course of divestment	of which: individual write-downs	of which: collective write-downs
Initial overall adjustments	0	14,298	22	0	1,053	13,267
Value increases from financial assets purchased or originated	0	0	0	0	0	0
Derecognition other than write-offs	0	0	0	0	0	0
Net adjustments/write-backs due to impairment (+/-)	0	-4,616	-16	0	-113	-4,519
Contract modifications without derecognition	0	0	0	0	0	0
Changes in the method of estimation	0	0	0	0	0	0
Write-offs not recognised directly in the income statement	0	0	0	0	0	0
Variations of value	0	-657	0	0	-657	0
Final overall adjustments	0	9,025	6	0	283	8,749
Recoveries from collection on financial assets written-off	0	0	0	0	0	0
Write-offs recognised directly in the income statement	0	0	0	0	0	0

A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and issued financial guarantees: dynamics of overall value adjustments and total provisions – part 3

Causal factors/risk stages	Overall value adjustments					
	Assets classified in stage 3					
	Demand receivables from banks and central banks	FA measured at amortised cost	FA measured at fair value with impact on overall profitability	FA in the course of divestment	of which: individual write-downs	of which: collective write-downs
Initial overall adjustments	0	115,900	0	0	115,900	0
Value increases from financial assets purchased or originated	0	0	0	0	0	0
Derecognition other than write-offs	0	0	0	0	0	0

Causal factors/risk stages	Overall value adjustments					
	Assets classified in stage 3					
	Demand receivables from banks and central banks	FA measured at amortised cost	FA measured at fair value with impact on overall profitability	FA in the course of divestment	of which: individual write-downs	of which: collective write-downs
Net adjustments/write-backs due to impairment (+/-)	0	22,568	0	0	22,568	0
Contract modifications without derecognition	0	0	0	0	0	0
Changes in the method of estimation	0	0	0	0	0	0
Write-offs not recognised directly in the income statement	0	-23,081	0	0	-23,081	0
Variations of value	0	-18,616	0	0	-18,616	0
Final overall adjustments	0	96,771	0	0	96,771	0
Recoveries from collection on financial assets written-off	0	0	0	0	0	0
Write-offs recognised directly in the income statement	0	0	0	0	0	0

A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and issued financial guarantees: dynamics of overall value adjustments and total provisions – part 4

Causal factors/risk stages	Overall value adjustments				
	Impaired financial assets purchased or originated				
	Demand receivables from banks and central banks	FA measured at amortised cost	FA measured at fair value with impact on overall profitability	FA in the course of divestment	of which: individual write-downs
Initial overall adjustments	186	0	0	183	3
Value increases from financial assets purchased or originated	0	0	0	0	0
Derecognition other than write-offs	0	0	0	0	0
Net adjustments/write-backs due to impairment (+/-)	1,209	0	0	1,206	4
Contract modifications without derecognition	0	0	0	0	0
Changes in the method of estimation	0	0	0	0	0
Write-offs not recognised directly in the income statement	0	0	0	0	0
Variations of value	0	0	0	0	0
Final overall adjustments	1,395	0	0	1,389	7
Recoveries from collection on financial assets written-off	0	0	0	0	0
Write-offs recognised directly in the income statement	0	0	0	0	0

A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and issued financial guarantees: dynamics of overall value adjustments and total provisions – part 5

Causal factors/risk stages	Overall value adjustments			Total
	Overall provisions on commitments to disburse funds and issued financial guarantees			
	First stage	Second stage	Third stage	
Initial overall adjustments	342	199	1,449	139,914
Value increases from financial assets purchased or originated	0	0	0	0
Derecognition other than write-offs	0	0	0	0
Net adjustments/write-backs due to impairment (+/-)	-73	-161	346	20,893
Contract modifications without derecognition	0	0	0	0
Changes in the method of estimation	0	0	0	0
Write-offs not recognised directly in the income statement	0	0	0	-23,081
Variations of value	0	0	0	-19,273
Final overall adjustments	270	38	1,796	118,453
Recoveries from collection on financial assets written-off	0	0	0	0

Causal factors/risk stages	Overall value adjustments			Total
	Overall provisions on commitments to disburse funds and issued financial guarantees			
	First stage	Second stage	Third stage	
Write-offs recognised directly in the income statement	0	0	0	0

A.1.3 Prudential consolidation - Financial assets, commitments to disburse funds and issued financial guarantees: transfers between the various risk stages (gross and nominal values)

Portfolios/risk stages	Gross values / Nominal value					
	Transfers between first stage and second stage		Transfers between second stage and third stage		Transfers between first stage e third stage	
	From 1st stage to 2nd stage	From 2nd stage to 1st stage	From 2nd stage to 3rd stage	From 3rd stage to 2nd stage	From 1st stage to 3rd stage	From 3rd stage to 1st stage
1. Financial assets measured at amortised cost	129,616	80,712	17,076	2,499	15,632	1,948
2. Financial assets measured at fair value with impact on total profits	0	0	0	0	0	0
3. Financial assets in the course of divestment	0	0	0	0	0	0
4. Commitments to disburse funds and issued financial guarantees	28,107	26,520	7,689	646	5,005	68
Total at 31/12/2023	**157,723**	**107,232**	**24,766**	**3,145**	**20,637**	**2,016**
Total at 31/12/2022	**167,599**	**78,636**	**57,069**	**6,046**	**54,768**	**759**

Notes:
Transfers between stages include flows for loans measured at amortised cost existing as at the date of reference of the balance sheet, that constitute new liquidity granted by means of government-backed mechanisms issued during the COVID-19 scenario, in the form of ‘New loans’.
Transfers between stages carried out during the fiscal period are shown in the table below:

Stage	Gross values
From 1 to 2	22,223
From 2 to 1	14,604
From 1 to 3	6,606
From 3 to 1	445
From 2 to 3	3,946
From 3 to 2	53

A.1.4 Prudential consolidation - Cash and off-balance sheet exposures to banks: gross and net values – Part 1

Type of exposure/values	Gross exposure				
		First stage	Second stage	Third stage	Impaired purchased or originated
A. Cash credit exposures					
A.1 Demand	325,765	325,765	0	0	0
a) Impaired	0	X	0	0	0
b) In bonis	325,765	325,765	0	X	0
A.2 Other	110,869	90,670	0	0	0
a) Non-performing loans	0	X	0	0	0
- of which: subject to forbearance	0	X	0	0	0
b) Probable defaults	0	X	0	0	0
- of which: subject to forbearance	0	X	0	0	0
c) Impaired overdue positions	0	X	0	0	0
- of which: subject to forbearance	0	X	0	0	0
d) In bonis overdue positions	0	0	0	X	0
- of which: subject to forbearance	0	0	0	X	0
e) Other in bonis positions	110,869	90,670	0	X	0
- of which: subject to forbearance	0	0	0	X	0
TOTAL A	**436,634**	**416,435**	**0**	**0**	**0**
B. Off-balance sheet exposures					
a) Impaired	0	X	0	0	0
b) In bonis	13,618	13,097	0	X	0
TOTAL B	**13,618**	**13,097**	**0**	**0**	**0**
TOTAL A + B	**450,252**	**429,531**	**0**	**0**	**0**

A.1.4 Prudential consolidation - Cash and off-balance sheet exposures to banks: gross and net values – Part 2

Type of exposure/values	Overall value adjustments and total provisions					Net exposure	Overall partial write-offs (*)
		First stage	Second stage	Third stage	Impaired purchased or originated		
A. Cash credit exposures							
A.1 Demand	0	0	0	0	0	325,765	0
a) Impaired	0	X	0	0	0	0	0
b) In bonis	0	0	0	X	0	325,765	0
A.2 Other	227	227	0	0	0	110,642	0
a) Non-performing loans	0	X	0	0	0	0	0
- of which: subject to forbearance	0	X	0	0	0	0	0
b) Probable defaults	0	X	0	0	0	0	0
- of which: subject to forbearance	0	X	0	0	0	0	0
c) Impaired overdue positions	0	X	0	0	0	0	0
- of which: subject to forbearance	0	X	0	0	0	0	0
d) In bonis overdue positions	0	0	0	X	0	0	0
- of which: subject to forbearance	0	0	0	X	0	0	0
e) Other in bonis positions	227	227	0	X	0	110,642	0
- of which: subject to forbearance	0	0	0	X	0	0	0
TOTAL A	**227**	**227**	**0**	**0**	**0**	**436,407**	**0**
B. Off-balance sheet exposures							
a) Impaired	0	X	0	0	0	0	0
b) In bonis	0	0	0	X	0	13,618	0
TOTAL B	**0**	**0**	**0**	**0**	**0**	**13,618**	**0**
TOTAL A + B	**227**	**227**	**0**	**0**	**0**	**450,025**	**0**

Notes

The table shows the breakdown by credit quality of exposures to banks. Specifically, all financial assets related to exposures with bank from balance sheet line items "20 - Financial assets held for trading", "30 - Financial assets measured at fair value with impact on total profits" and "40 - Financial assets measured at amortised cost a) receivables from banks".

The table does not include capital securities and shares in mutual funds for 40,662 thousand euro, and securities issued by non-bank counterparties for 589,067 thousand euro.

A.1.5 Prudential consolidation - Cash and off-balance sheet exposures to customers: gross and net values – part 1

Type of exposure/values	Gross exposure				
		First stage	Second stage	Third stage	Impaired purchased or originated
A. Cash credit exposures					
a) Non-performing loans	103,617	X	0	103,617	0
- of which: subject to forbearance	2,325	X	0	2,325	0
b) Probable defaults	138,423	X	0	133,650	4,774
- of which: subject to forbearance	86,024	X	0	83,202	2,822
c) Impaired overdue positions	20,904	X	0	20,904	0
- of which: subject to forbearance	0	X	0	0	0
d) In bonis overdue positions	58,969	16,530	42,439	X	0
- of which: subject to forbearance	7,268	0	7,268	X	0
e) Other in bonis positions	3,847,881	3,505,515	273,340	X	476
- of which: subject to forbearance	60,617	0	60,441	X	175
TOTAL A	**4,169,795**	**3,522,046**	**315,779**	**258,170**	**5,249**
B. Off-balance sheet exposures					
a) Impaired	18,626	X	0	18,626	
b) In bonis	946,758	791,786	72,261	X	
TOTAL B	**965,383**	**791,786**	**72,261**	**18,626**	
TOTAL A + B	**5,135,178**	**4,313,831**	**388,040**	**276,796**	**5,249**

A.1.5 Prudential consolidation - Cash and off-balance sheet exposures to customers: gross and net values – part 2

Type of exposure/values	Overall value adjustments e total provisions					Net exposure	Overall partial write-offs (*)
		First stage	Second stage	Third stage	Impaired purchased or originated		
A. Cash credit exposures							0
a) Non-performing loans	49,247	X	0	49,247	0	54,369	0
- of which: subject to forbearance	211	X	0	211	0	2,114	0
b) Probable defaults	45,928	X	0	44,539	1,389	92,496	0
- of which: subject to forbearance	31,260	X	0	30,465	795	54,764	0
c) Impaired overdue positions	1,596	X	0	1,596	0	19,308	0

Type of exposure/values	Overall value adjustments e total provisions					Net exposure	Overall partial write-offs (*)
		First stage	Second stage	Third stage	Impaired purchased or originated		
- of which: subject to forbearance	0	X	0	0	0	0	0
d) In bonis overdue positions	1,445	93	1,349	X	0	57,525	0
- of which: subject to forbearance	165	0	165	X	0	7,103	0
e) Other in bonis positions	16,857	8,909	7,597	X	7	3,831,025	0
- of which: subject to forbearance	1,847	0	1,842	X	5	58,769	0
TOTAL A	**115,072**	**9,002**	**8,945**	**95,382**	**1,395**	**4,054,723**	**0**
B. Off-balance sheet exposures							
a) Impaired	1,796	X	0	1,796	0	16,830	0
b) In bonis	308	269	39	X	0	946,450	0
TOTAL B	**2,103**	**269**	**39**	**1,796**	**0**	**963,280**	**0**
TOTAL A + B	**117,175**	**9,270**	**8,984**	**97,178**	**1,395**	**5,018,003**	**0**

Notes

The table shows the breakdown by credit quality of exposures to customers. Specifically, all financial assets related to exposures with bank from balance sheet line items "20 - Financial assets measured at fair value with recognition of income effects through profit and loss", "30 - Financial assets measured at fair value with impact on total profits" and "40 - Financial assets measured at amortised cost b) receivables from customers". The table does not include capital securities and shares in mutual funds for 40,662 thousand euro, and securities issued banks for 27,365 thousand euro.

The cash credit exposures include loans existing at the reference date of the financial statements, that constitute new liquidity granted by means of government-backed guarantee mechanisms issued during the COVID19 scenario.

The table below shows, for the various categories of assets (impaired/in bonis), the gross exposure and overall value adjustments.

Type of exposure/values	Gross exposure	Overall value adjustments
Impaired accounts	**23,698**	**4,793**
a) Non-performing loans	0	0
b) Probable defaults	15,282	4,389
c) Impaired overdue positions	8,416	404
In bonis accounts	**405,840**	**1,157**
d) In bonis receivables - stage 2	58,594	568
e) In bonis receivables - stage 1	347,247	588
Overall total	**429,538**	**5,950**

A.1.7 Prudential consolidation - Cash credit exposures to customers: dynamics of gross impaired accounts

Causal factors/Categories	Non-performing loans	Probable defaults	Impaired overdue positions
A. Initial gross exposure	**133,215**	**156,977**	**12,462**
- of which: accounts disposed of but not derecognised	*0*	*0*	*0*
B. Additions	**35,419**	**0**	**0**
B.1 entries from in bonis receivables	15,642	18,347	17,831
B.2 entries from impaired financial assets purchased or originated	0	0	0
B.3 transfers from other categories of impaired exposures	19,777	2,376	29
B.4 contract modifications without derecognition	0	0	0
B.5 Other additions	0	5,153	44
C. Reductions	**0**	**0**	**0**
C.1 transfers to in bonis receivables	0	5,226	969
C.2 write-offs	22,966	0	0
C.3 collections	18,514	9,114	963
C.4 income from disposals	17,960	13,894	0
C.5 losses from disposals	3,793	1,721	0
C.6 transfers to other categories of impaired exposures	287	14,474	7,531
C.7 contract modifications without derecognition	0	0	0
C.8 Other reductions	1,498	0	0
D. Final gross exposure	**103,617**	**138,423**	**20,904**
- of which: accounts disposed of but not derecognised	*0*	*0*	*0*

Line items C.4 and C.5 show transactions for disposal without recourse of impaired receivables perfected by the Bank during the fiscal year.

A.1.7 bis Prudential consolidation - Cash credit exposures to customers: dynamics of gross forbearance exposure subdivided by credit quality

Causal factors/Categories	Subject to forbearance: impaired	Subject to forbearance: in bonis
A. Initial gross exposure	**93,199**	**75,736**

Causal factors/Categories	Subject to forbearance: impaired	Subject to forbearance: in bonis
- of which: accounts disposed of but not derecognised	*0*	*0*
B. Additions	**13,943**	**18,170**
B.1 entries from in bonis receivables without forbearance	1,557	15,334
B.2 entries from in bonis receivables with forbearance	3,028	0
B.3 entries from impaired receivables with forbearance	0	2,041
B.4 Other additions	0	0
C. Reductions	**18,792**	**26,021**
C.1 transfers to in bonis receivables without forbearance	0	16,311
C.2 transfers to in bonis receivables with forbearance	2,283	0
C.3 transfers to impaired receivables with forbearance	0	4,707
C.4 write-offs	0	0
C.5 collections	748	619
C.6 income from disposals	0	0
C.7 losses from disposals	0	0
C.8 Other reductions	15,761	4,384
D. Final gross exposure	**88,349**	**67,884**
- of which: accounts disposed of but not derecognised	*0*	*0*

A.1.9 Prudential consolidation - Cash credit exposures deteriorate to customers: dynamics of overall value adjustments

Causal factors/Categories	Non-performing loans		Probable defaults		Impaired overdue positions	
	Total	of which: subject to forbearance	Total	of which: subject to forbearance	Total	of which: subject to forbearance
A. Initial overall adjustments	**70,360**	**149**	**44,697**	**30,297**	**1,309**	**0**
- of which: accounts disposed of but not derecognised	*0*	*0*	*0*	*0*	*0*	*0*
B. Additions	**39,864**	**62**	**8,504**	**986**	**2,624**	**0**
B.1 value adjustments da impaired financial assets purchased or originated	0	0	0	0	0	0
B.2 other value adjustments	36,665	47	7,541	986	1,303	0
B.3 losses from disposals	0	0	81	0	0	0
B.4 transfers from other categories of impaired exposures	3,198	14	411	0	11	0
B.5 contract modifications without derecognition	0	0	0	0	0	0
B.6 Other additions	0	0	471	0	1,311	0
C. Reductions	**60,977**	**0**	**7,192**	**22**	**2,337**	**0**
C.1 write-backs of value from measurement	18,687	0	3,316	0	980	0
C.2 write-backs of value from collections	5	0	208	8	25	0
C.3.gains from disposal	0	0	0	0	0	0
C.4 write-offs	23,042	0	3	0	36	0
C.5 transfers to other categories of impaired exposures	50	0	2,852	14	718	0
C.6 contract modifications without derecognition	0	0	0	0	0	0
C.7 Other reductions	19,192	0	814	0	578	0
D. Final overall adjustments	**49,247**	**211**	**46,009**	**31,260**	**1,596**	**0**
- of which: accounts disposed of but not derecognised	*0*	*0*	*0*	*0*	*0*	*0*

A.2 Classification of financial assets, of commitments to disburse funds and financial guarantees issued based on external and internal ratings

A.2.1 Distribution of financial assets, of commitments to disburse funds and of issued financial guarantees: by class of external rating (gross values)

Exposures	External rating classes						Without rating	Total at 31/12/2023
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost								
- First stage	0	0	383,003	0	0	0	2,694,562	3,077,565
- Second stage	0	0	0	709	3,044	0	315,779	319,532
- Third stage	0	0	0	0	0	0	258,170	258,170
- Impaired purchased or originated	0	0	0	0	0	0	5,249	5,249
B. Financial assets measured at fair value with impact on total profits								
- First stage	0	0	458,397	0	0	0	0	458,397
- Second stage	0	0	0	2,497	0	0	0	2,497
- Third stage	0	0	0	0	0	0	0	0
-Impaired purchased or originated	0	0	0	0	0	0	0	0
Total (A + B)	**0**	**0**	**841,399**	**3,206**	**3,044**	**0**	**3,273,761**	**4,121,410**

Exposures	External rating classes						Without rating	Total at 31/12/2023
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
C. Commitments to disburse funds and issued financial guarantees								
- First stage	0	0	0	0	0	0	872,040	872,040
- Second stage	0	0	0	0	0	0	72,275	72,275
- Third stage	0	0	0	0	0	0	18,626	18,626
- Impaired financial assets purchased or originated	0	0	0	0	0	0	0	0
Total (C)	**0**	**0**	**0**	**0**	**0**	**0**	**962,941**	**962,941**
Total (A + B + C)	**0**	**0**	**841,399**	**3,206**	**3,044**	**0**	**4,236,702**	**5,084,351**

Key:
Class 1 = AAA/AA-
Class 2 = A+/A-
Class 3 = BBB+/BBB-
Class 4 = BB+/BB-
Class 5 = B+/B-
Class 6 = lower than B-

A.3 Distribution of secured exposures by type of guarantee

A.3.2 Prudential consolidation – Secured cash and off-balance sheet exposures to customers - part 1

Line items	Gross exposure	Net exposure	Collateral (1)			
			Real property for mortgage	Real property - loans for leases	Securities	Other collateral
1. Secured cash exposures:						
1.1 fully secured	2,172,105	2,110,413	1,502,645	0	20,014	19,479
- of which impaired	*162,233*	*112,316*	*79,377*	*0*	*30*	*30*
1.2 partially secured	326,343	312,708	525	0	15,515	2,576
- of which impaired	*29,513*	*18,129*	*19*	*0*	*0*	*60*
2 Secured off-balance sheet exposures:						
2.1 fully secured	145,174	145,174	3,035	0	264	6,770
- of which impaired	*4,184*	*4,184*	*115*	*0*	*0*	*164*
2.2 partially secured	60,486	60,486	0	0	6,157	1,320
- of which impaired	*1,679*	*1,679*	*0*	*0*	*0*	*0*

A.3.2 Secured exposures to customers - part 2

Line items	Personal security (2)									Total (1)+(2)
	Credit derivatives					Endorsement receivables				
	CLN	Other derivatives				Public administrations	Banks	Other financial companies	Other parties	
		Central counterparties	Banks	Other financial companies	Other parties					
1. Secured cash exposures:										
1.1 fully secured	0	0	0	0	0	313,732	1,765	10,917	237,999	**2,106,553**
- of which impaired	0	0	0	0	0	19,881	0	610	12,099	**112,028**
1.2 partially secured	0	0	0	0	0	169,699	0	1,783	70,587	**260,686**
- of which impaired	0	0	0	0	0	11,278	0	509	4,463	**16,329**
2 Secured off-balance sheet exposures:										
2.1 fully secured	0	0	0	0	0	17,993	0	516	116,160	**144,737**
- of which impaired	0	0	0	0	0	255	0	227	3,348	**4,108**
2.2 partially secured	0	0	0	0	0	14,498	0	117	15,529	**37,620**
- of which impaired	0	0	0	0	0	676	0	0	560	**1,236**

B. Distribution and concentration of credit exposures

B.1 Prudential consolidation – Sector distribution of cash and off-balance sheet exposures to customers (book value) – part 1

Exposures/Counterparties	Public administrations		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Cash exposure						
A.1 Non-performing loans	0	0	352	341	0	0
- of which: subject to forbearance	*0*	*0*	*0*	*0*	*0*	*0*
A.2 Probable defaults	0	0	980	396	0	0

Exposures/Counterparties	Public administrations		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
- of which: subject to forbearance	*0*	*0*	*0*	*0*	*0*	*0*
A.3 Impaired overdue positions	0	0	1	0	0	0
- of which: subject to forbearance	*0*	*0*	*0*	*0*	*0*	*0*
A.4 In bonis exposures	897,271	321	108,614	173	10,410	0
- of which: subject to forbearance	*0*	*0*	*1,700*	*6*	*0*	*0*
TOTAL A	**897,271**	**321**	**109,947**	**911**	**10,410**	**0**
B. Off-balance sheet exposures						
B.1 Impaired positions	0	0	0	0	0	0
B.2 In bonis positions	976	0	84,882	1	21,789	0
TOTAL B	**976**	**0**	**84,882**	**1**	**21,789**	**0**
TOTAL (A+B) 31/12/2023	**898,247**	**321**	**194,828**	**911**	**32,199**	**0**
TOTAL (A+B) 31/12/2022	**1,004,735**	**551**	**190,565**	**2,058**	**0**	**0**

B.1 Prudential consolidation – Sector distribution of cash and off-balance sheet exposures to customers (book value) - part 2

Exposures/Counterparties	Non-finance companies		Families		TOTAL	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Cash exposure						
A.1 Non-performing loans	36,924	41,231	17,094	7,675	54,369	49,247
- of which: subject to forbearance	*2,114*	*211*	*0*	*0*	*2,114*	*211*
A.2 Probable defaults	67,374	35,463	24,142	10,068	92,496	45,928
- of which: subject to forbearance	*35,508*	*22,591*	*19,257*	*8,669*	*54,764*	*31,260*
A.3 Impaired overdue positions	15,592	1,209	3,715	387	19,308	1,596
- of which: subject to forbearance	*0*	*0*	*0*	*0*	*0*	*0*
A.4 In bonis exposures	1,597,527	13,093	1,285,137	4,714	3,888,550	18,301
- of which: subject to forbearance	*38,034*	*1,090*	*26,139*	*916*	*65,872*	*2,012*
TOTAL A	**1,717,417**	**90,996**	**1,330,088**	**22,844**	**4,054,723**	**115,072**
B. Off-balance sheet exposures						
B.1 Impaired positions	15,883	1,796	947	0	16,830	1,796
B.2 In bonis positions	770,230	297	90,363	10	946,450	308
TOTAL B	**786,113**	**2,093**	**91,309**	**10**	**963,280**	**2,103**
TOTAL (A+B) 31/12/2023	**2,503,530**	**93,089**	**1,421,397**	**22,854**	**5,018,003**	**117,175**
TOTAL (A+B) 31/12/2022	**2,563,390**	**107,768**	**1,487,140**	**29,924**	**5,245,830**	**140,301**

B.2 Prudential consolidation – Territorial distribution of cash and off-balance sheet exposure to customers (book value)

Exposure/Geographical 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. Cash exposures										
A.1 Non-performing loans	54,344	49,197	26	51	0	0	0	0	0	0
A.2 Probable defaults	92,496	45,928	0	0	0	0	0	0	0	0
A.3 Impaired overdue positions	19,308	1,596	0	0	0	0	0	0	0	0
A.4 In bonis exposures	3,814,462	18,204	57,054	83	1,327	0	732	1	14,975	12
TOTAL (A)	**3,980,609**	**114,925**	**57,079**	**134**	**1,327**	**0**	**732**	**1**	**14,975**	**12**
B. Off-balance sheet exposures										
B.1 Impaired positions	16,830	1,796	0	0	0	0	0	0	0	0
B.2 In bonis positions	946,157	308	293	0	0	0	0	0	0	0

Exposure/Geographical 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
TOTAL (B)	**962,987**	**2,103**	**293**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL (A + B) 31/12/2023	**4,943,596**	**117,028**	**57,373**	**134**	**1,327**	**0**	**732**	**1**	**14,975**	**12**
TOTAL (A + B) 31/12/2022	**5,389,804**	**140,219**	**13,854**	**75**	**1,288**	**0**	**731**	**1**	**1,337**	**6**

Exposure/Geographical area	TOTAL	
	Net exposure	Overall value adjustments
A. Cash exposures		
A.1 Non-performing loans	54,369	49,247
A.2 Probable defaults	92,496	45,928
A.3 Impaired overdue positions	19,308	1,596
A.4 In bonis exposures	3,888,550	18,301
TOTAL (A)	**4,054,723**	**115,072**
B. Off-balance sheet exposures		
B.1 Impaired positions	16,830	1,796
B.2 In bonis positions	946,450	308
TOTAL (B)	**963,280**	**2,103**
TOTAL (A + B) 31/12/2023	**5,018,003**	**117,175**
TOTAL (A + B) 31/12/2022	**5,407,015**	**140,301**

Notes

The cash exposures shown in the table (4,007,570 thousand euro) are those booked in the balance sheet, net of probable defaults and with evidence of overall value adjustments.

Specifically, the table includes financial assets to customers deriving measured in the financial statements at line items "20 - Financial assets measured at fair value with impact on profit and loss account","30 - Financial assets measured at fair value with impact on total profits" e "40 Financial assets measured at amortised cost b) receivables from customers".

Capital securities and shares in mutual funds for 40,662 thousand euro, and bank securities, for a total of 27,365 thousand euro are not included.

B.3 Prudential consolidation – Territorial distribution of cash and off-balance sheet exposures to banks (book value) – part 1

Exposures/Geographical 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. Cash exposures										
A.1 Non-performing loans	0	0	0	0	0	0	0	0	0	0
A.2 Probable defaults	0	0	0	0	0	0	0	0	0	0
A.3 Impaired overdue positions	0	0	0	0	0	0	0	0	0	0
A.4 In bonis exposures	363,057	202	58,259	25	2,408	0	178	0	12,292	0
TOTAL (A)	**363,057**	**202**	**58,259**	**25**	**2,408**	**0**	**178**	**0**	**12,292**	**0**
B. Off-balance sheet exposures										
B.1 Impaired positions	0	0	0	0	0	0	0	0	0	0
B.2 In bonis positions	11,197	0	2,098	0	0	0	0	0	0	0
TOTAL (B)	**11,197**	**0**	**2,098**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL (A + B) 31/12/2023	**374,253**	**202**	**60,357**	**25**	**2,408**	**0**	**178**	**0**	**12,292**	**0**
TOTAL (A + B) 31/12/2022	**123,279**	**242**	**68,104**	**25**	**4,432**	**0**	**222**	**0**	**1,404**	**0**

B.3 Prudential consolidation – Territorial distribution of cash and off-balance sheet exposures to banks (book value) – part 2

Exposures/Geographical areas	TOTAL	
	Net exposure	Overall value adjustments
A. Cash exposures		
A.1 Non-performing loans	0	0
A.2 Probable defaults	0	0
A.3 Impaired overdue positions	0	0
A.4 In bonis exposures	436,193	227
TOTAL (A)	**436,193**	**227**
B. Off-balance sheet exposures		
B.1 Impaired positions	0	0

Exposures/Geographical areas	TOTAL	
	Net exposure	Overall value adjustments
B.2 In bonis positions	13,295	0
TOTAL (B)	**13,295**	**0**
TOTAL (A + B) 31/12/2023	**449,488**	**227**
TOTAL (A + B) 31/12/2022	**197,441**	**267**

Notes
The amounts of cash exposures to banks (186,831 thousand euro) are those booked in the financial statements, net of probable defaults.
Specifically, the table includes financial assets to customers deriving measured in the financial statements at line items "20 - Financial assets measured at fair value with impact on profit and loss account","30 - Financial assets measured at fair value with impact on total profits" e "40 Financial assets measured at amortised cost a) receivables from banks".
Capital securities and shares in mutual funds for 40,662 thousand euro, and financial assets issued by non-bank counterparties, for 589,067 thousand euro are not shown.
The data are distributed geographically based on the state of residence of the counterparty.

C. Securitisation transactions

Qualitative information

Starting and the end of September 2023, Banca Cambiano has been involved as Originator, Servicer and Junior Noteholder in the "Pontormo SME 2023" securitisation transaction (the "Transaction"), with the special purpose vehicle company Pontormo SME 2023 s.r.l., a company whose sole corporate purpose is the realisation of one or more credit securitisation transactions, and that is registered at n. 48473.3 in the list of special purpose vehicles held by Bank of Italy.
The objectives of the Pontormo SME 2023 transaction, the main characteristics of the issued Notes, and a selection of quantitative information relating to the 2023 fiscal year are provided herein.

Objectives and structure of the Pontormo SME 2023 Transaction

The Bank's objective, in initiating the transaction, was to transform part of lending assets (loans to SMEs and backed by the guarantee issued by the Central Guarantee Fund) in an ABS type security (Class A), capable of contributing, by subscription of the same by third-party investors, to extending and stabilising liabilities, with benefits in terms of the NSFR indicator. The Transaction was initiated with the undersigning of the assignment contract on 6 September 2023, by means of which the Bank transferred a portfolio of loans characterised as receivables identifiable en bloc pursuant to the Securitisation Law, classified as "in bonis" in conformity with current vigilance regulations, and deriving from agreements for loans granted to SMEs and backed by the guarantee issued by the Central Guarantee Fund for SMEs. Below are some of the principle eligibility criteria for the assigned receivables:

- The loans are in Euro;
- The loans benefit from a guarantee issued by the SME Central Guarantee Fund, established pursuant to article 2, comma 100, letter (a) of Law n. 662 of 23 December 1996;
- The loans are disbursed to borrowers who, in conformity with the classification criteria adopted by Bank of Italy with Circular 140 of 11 February 1991 (as subsequently amended), fall within one of the following SAE categories (sector of business activity): SAE code 614 (with the exclusion of personal loans and residential home mortgage loans disbursed to physical persons), SAE code 615 (with the exclusion of personal loans and residential home mortgage loans disbursed to physical persons), SAE code 430, SAE code 432, SAE code 450, SAE code 480, SAE code 481, SAE code 482, SAE code 490, SAE code 491, code SAE 492;
- The loans have been fully disbursed, have no instalments past-due and not paid, are floating rate loans and expire between August 2026 and end of August 2033;
- No party is an employee and/or a manager of the Bank, nor a shareholder of the same Bank.

The Bank has the role of Servicer for its portfolio transferred to the vehicle company.

The SPV paid the Bank the price of € 122,376,127.21 as consideration for purchase of the loans, which corresponds to the residual debt of the transferred portfolio as at the date of reference (31 August 2023). Purchase of the portfolio was financed by the SPV by means of the issue, on 25 September 2023, pursuant to articles 1 and 5 of the Securitisation Law, of the following classes of notes:

- Senior (Class "A" note): € 100,000,000
- Junior (Class "J" note): € 24,627,000

The Senior note was subscribed by BPM S.p.A, while the Junior note, that finances only the purchase of that part of the portfolio not covered by the income of the Senior note, but also the Cash Reserve, the Retention Amount and expenses at closing of the transaction, was subscribed by Banca Cambiano.

Subscriber	Isin	Class	Nominal value at issue	Outstanding amount at 31.12.2023	Outstanding amount after repayment 25.01.2024
Banco BPM S.p.A	IT0005562597	Class A	100,000,000	100,000,000	90,121,158
Banca Cambiano	**IT0005562613**	**Class J**	**24,627,000**	**24,627,000**	**24,627,000**

The notes are all managed in dematerialised form by Monte Titoli S.p.A and neither of the two is listed nor has a market rating. The Senior note generates interest at an Euribor-linked floating rate at 3 months, increased by a spread equal to 1.25%, while the Junior note, instead, does not have a fixed coupon and will not receive any cash flow until complete redemption of the Senior note. In other words, until the Senior note has been fully redeemed, all cash flows deriving from the portfolio in excess of payment of expenses and interest on Class A will be used to reimburse the principal of the latter. All payments relating to the transaction (expenses, interest and principal) are paid quarterly (on the 25th of the months of January, April, July and October).

Below are the characteristics of the issued notes:

Class A
Currency: Euro
Amount at issue: 100,000,000
Rate: Euribor 3M + spread 1.25% (floor at 0% on the explicit rate)
Coupon: quarterly
Legal duration: July 2043
Redemption: amortisation linked to recovery of underlying receivables
Rating at 31.12.2023: not rated
Listing: not listed
ISIN: IT0005562597
Applicable law: Italian law.
Subscriber: Banco BPM S.p.A

Class J
Currency: Euro
Amount at issue: 24,627,000
Rate: additional return (only on redemption of the Senior note)
Coupon: quarterly (only on redemption of the Senior note)
Legal duration: July 2043
Redemption: amortisation linked to recovery of underlying receivables (only on redemption of the Senior note)
Rating at 31.12.2023: not rated
Listing: not listed
ISIN: IT0005562613
Applicable law: Italian law.
Subscriber: Banca Cambiano

The amount for Junior notes includes:

- A cash reserve ("Cash Reserve Amount") equal to 2% of the par value of the Senior note issued, that is, equal to € 2,000,000. No amortisation of the cash reserve is provided for, nor is it possible to use the reserve, which therefore remains available to the vehicle in cash form, contributing, where necessary, to the amount of available funds (and therefore constituting a guarantee in favour of the Senior Noteholder).
- The amount necessary to constitute a reserve for expenses ("Retention Amount") in the amount of € 20,000. This is an expense fund available to the vehicle company, used by the structure to meet management costs incurred by the same vehicle company. At each quarterly payment, based on the costs incurred and documented, this expense account/fund will be replenished and restored to the established amount of € 20,000.00.
- The Transaction structuring expenses (€ 230,570.46).

At the date of closing of the transaction, the cash flows that involved Banca Cambiano were:

- Inflow of € 100,000,000 as consideration for the transfer of the portfolio to the SPV (the consideration for the remaining component of the transferred portfolio was compensated by the subscription of the Junior note);
- Outflow of € 2,250,872.79 to finance the creation of the cash reserve (€ 2,000,000) and the expense fund (€ 20,000) and to cover costs at closing (€ 230,872.79, comprehensive of rounding-off).

Selected quantitative information at 31/12/2023

A selection of some of the principal information of a quantitative nature regarding the operation in review is set forth below. The values, unless otherwise specified, are in Euro and refer to 31 December 2023.

Securitised assets

At the close of 2023, securitised assets were equivalent to their price of purchase, net of collections as at the transfer date of 31 December 2023, of the amounts to be received for collections due in the fiscal year but not yet transferred by the Servicer, and increased by accrued interest due as at 31 December 2023.

	31/12/2023
In bonis securitised assets	112,530,836
Receivables for interest accrued but not yet collected	1,464
Total	**112,532,300**

The table below shows securitised assets existing as at 31 December 2023, classified based on their residual life.

	Balance at 31/12/2023	% Incidence
Up to 3 months	0.00	0.00%
From 3 a 6 months	0.00	0.00%
From 6 a 12 months	0.00	0.00%
From 12 a 60 months	83,413,422	74.12%
Over 60 months	29,117,414	25.88%
Total	**112,530,836**	**100.00%**

Finally, the table below shows the breakdown of the portfolio by category as at 31 December 2023

	Number of positions	Balance at 31/12/2023
Up to 25,000	163	2,881,024
From 25,000 to 75,000	405	18,546,326
From 75,000 to 250,000	366	50,888,089
Over 250,000	92	40,215,397
Total	**1,026**	**112,530,836**

Use of available funds

Description	31/12/2023
Liquidity at BNY c/c n. 6988649780 (Expenses Acc.)	18,263
Liquidity at BNY c/c n. 6988619780 (Cash Reserve Acc.)	2,014,594
Liquidity at BNY c/c n. 6988639780 (Payment Acc.)	592
Liquidity at BNY c/c n. 6988629780 (Collection Acc.)	12,212,384
Receivables from Services for collections to be received	45,226
Accrued interest payable on securitised loans	534,007
Total	**14,825,066**

Interest on issued notes (economic competence)

	31/12/2023
Interest expenses on Class A Notes	1,427,806

Fees and commissions charged to the transaction

During the 2023 fiscal year, fees and commissions charged to the transaction were composed of the line items detailed in the table below:

Description	31/12/2023
Servicing fees (Banca Cambiano)	35,543
Computation agent fees	30,951
Sub computation agent fees	343
Back up servicer fees	9,164
Representative of the noteholders fees	9,590
Account Bank, Cash Manager, Principal Paying Agent fees	2,336
Other	922,673
Total	**1,010,600**

Interest generated by the securitised assets

As at 31 December 2023, the total portfolio of self-securitised loans generated the following interest amounts:

	31/12/2023
Interest on securitised receivables	2,334,341
Interest on early settlement	6,138
Other revenue	97,927
Total	**2,438,406**

INDICATION OF THE UNDERWRITTEN CONTRACTS

For the purpose of carrying out the self-securitisation transaction and the subsequent restructuring, it was necessary to underwrite the contract agreements outlined below with various counterparties:

- "Transfer Agreement ", by virtue of which the Company purchased from Banca Cambiano against payment, in block and without recourse, the respective credit claim portfolio;
- "Warranty and Indemnity Agreement ", ai sensi del quale las per which the Bank issued declarations and guarantees, granted security and committed to obligations of indemnification regarding the claims and the assignment thereof to the Company;
- " Servicing Agreement", by means of which the Company appoints Banca Cambiano as the entity in charge of executing services regarding the administration, management, collection, recovery and redemption of the claims (including, for the sake of clarity, any non-performing loans);

- "Corporate Services Agreement", by means of which the Company appoints KPMG Fides Servizi di Amministrazione S.p.A. as administrator of company activities;
- “Stichting Corporate Services Agreement”;
- "Back-up Servicing Agreement", by means of which the Company appoints Zenith Service S.p.A as the back-up servicer, to act as substitute of the Servicer in the event of cancellation of the appointment of Banca Cambiano as Servicer pursuant to the Servicing Agreement;
- "Cash Allocation, Management and Payment Agreement" between the Company , Banca Cambiano, the Bank of New York Mellon SA/NV – Milan Branch, Zenith Service S.p.A., KPMG Fides Servizi di Amministrazione S.p.A. and ICS Crediti e Partecipazioni S.r.l;
- "Intercreditor Agreement" between, inter alios, the Company, Banca Cambiano, the Bank of New York Mellon SA/NV – Milan Branch, Zenith Service S.p.A., KPMG Fides Servizi di Amministrazione S.p.A. and ICS Crediti e Partecipazioni S.r.l;
- "Senior Notes Subscription Agreement" between the Company, KPMG Fides Servizi di Amministrazione S.p.A., Banca Cambiano, Banco BPM S.p.A and Banca Akros S.p.A.;
- "Junior Notes Subscription Agreement" between the Company, KPMG Fides Servizi di Amministrazione S.p.A. and Banca Cambiano;
- "Noteholders’ Agreement" between the Company, Stichting Ursa Major and ICS Crediti e Partecipazioni S.r.l;
- “Agency Contract” between the Company and KPMG Fides Servizi di Amministrazione S.p.A.
- "Information Memorandum".

SUBJECTS INVOLVED IN THE TRANSACTION

The subjects involved in the transaction, in one way or another, as specified herein following.

Issuer / Purchaser of the loans

Pontormo SME 2023 Srl, a limited liability company incorporated under article 3 of Law 130/99, taxation code, Vat code and registration number in the Register of Companies n. 17249061007, fully paid-in share capital equal to 10,000.00 Euro, enrolled in the Register of special purpose vehicles kept by Bank of Italy pursuant to Bank of Italy provision of 7 June 2017 con n. 48473.3, with registered office in via Curtatone 3, Rome.

Originator / Servicer

Banca Cambiano 1884 S.p.A., a bank incorporated in Italy as a company limited by shares, registered in the Register of Banks kept by Bank of Italy pursuant to article 13 of the Banking Consolidation Act at n. 5667, with offices in Viale Antonio Gramsci, 34 - 50132 Florence ("Banca Cambiano").

Account Bank / Paying Agent

The Bank of New York Mellon SA/NV, Milan branch, a company incorporated under the laws of Belgium, operating through its branch office in Via Mike Bongiorno, 13, 20124, Milano, Italia, ("BNYM ").

Corporate Services Provider / Representative of the Noteholders / Back-up Calculation Agent

KPMG Fides Servizi di Amministrazione SpA, a company limited by shares incorporated in Italy, registered with the Register of Companies of Milan, Italy, at n. 00731410155, with registered offices in Via Vittor Pisani 27, Milan (MI), Italy, operating through its Rome branch, in in Via Curtatone 3, Rome ("KPMG").

Calculation Agent

ICS Crediti e Partecipazioni S.r.l, a limited liability company, registered with the Register of Companies of Parma at n. 03746101207, with registered office in Borgo della Salnitrara 3, Parma, Italy, operating through its Bologna branch, in Via G. Mezzofanti 5 Bologna("ICS").

Stichting Corporate Services Provider

M&G Trustee Company Limited, a company incorporated under the laws of England and Wales, with registered offices in 10 Fenchurch Avenue, London, EC3M 5AG.

Back-up Servicer

Zenith Service S.p.A, a company limited by shares, registered in the Register of Companies of Milan – Monza – Brianza – Lodi at n. 02200990980, with registered office in Corso Vittorio Emanuele II, 24/28, Milan, Italy and registered at n. 32590.2 of the register of Financial Intermediaries as per art. 106 of the Consolidated Banking Act ("Zenith").

Quotaholders

(i) Stichting Ursa Major, a foundation incorporated under Dutch Law, with registered offices in Locatellikade, 1, 1076 AZ, Amsterdam (Netherlands), registered in the Register of Companies of Amsterdam at 865414038, and (ii) ICS.

Arranger

Banca Akros SpA, a bank incorporated in Italy as a company limited by shares, with registered offices in Viale Eginardo 29, 20149 Milan, Italy, with fully paid-in share capital of 39,433,803 Euro, registered in the Register of Companies of Milan at n. 03064920154 and in the Register of banks kept by Bank of Italy at n. 5328, participant to the banking group "Banco BPM", subject to the management and coordination activities ("*attività di direzione e coordinamento*"), of Banco BPM, authorised to carry out business in Italy pursuant to the Consolidated Banking Act (“Banca Akros").

Legal Advisor
(i) Orrick, Herrington & Sutcliffe and (ii) Chiomenti.

ALLOCATION OF CASHFLOWS ARISING FROM THE PORTFOLIO

A summarised schedule of the allocation of cash flows arising from transferred claims is provided here below. Please note that the elements described in the order of payments below are consecutive and priority-based in nature, as they are intended to be settled only if there are sufficient residual funds after having paid the preceding element in the order:

i. All taxes and expenses necessary to preserve the corporate existence of the Issuer;
ii. The amount required to guaranty that the balance standing to the credit of the Expenses Account at the Date of Payment is equal to the Retention Amount;
iii. Fees, expenses and all other amounts due and payable to the counterparties of the Transaction, including fees due to the Servicer for activities related to management of the securitised claims;
iv. Interest due and payable on Class A senior Notes;
v. The amount required so that the balance of the Cash Reserve Account is equal to the Cash Reserve Amount;
vi. Only on the first payment date, the amount of the accrued income due to the Originator;
vii. Until the Senior Note is fully redeemed, the funds remaining after payment of the above items are to be fully used to reimburse the principal on Class A Senior Notes;
viii. Any indemnities due and payable to the Arranger and Senior Noteholder;
ix. Any other amounts due to the counterparties of the Transaction, to the extent to which they have not been paid under the previous points;
x. Reimbursement of principal for Class J Junior Notes;
xi. Any Additional Return on Class J Notes.

Quantitative information

C.1 Prudential consolidation - Exposures deriving from the principal “own” securitisation transactions subdivided by type of securitised asset and by type of exposure - part 1

Type of securitised asset /Exposures	Cash exposures					
	Senior		Mezzanine		Junior	
	Book value	Value adj./write-backs	Book value	Value adj./write-backs	Book value	Value adj./write-backs
C. Not derecognised						
C.1 Loans	90,269	-136	0	0	22,231	-33

C.1 Prudential consolidation - Exposures deriving from the principal “own” securitisation transactions subdivided by type of securitised asset and by type of exposure - part 2

Type of securitised asset /Exposures	Issued guarantees					
	Senior		Mezzanine		Junior	
	Net exposure	Value adj./write-backs	Net exposure	Value adj./write-backs	Net exposure	Value adj./write-backs
C. Not derecognised						
C.1 Loans	0	0	0	0	0	0

C.1 Prudential consolidation - Exposures deriving from the principal “own” securitisation transactions subdivided by type of securitised asset and by type of exposure - part 3

Type of securitised asset /Exposures	Credit lines					
	Senior		Mezzanine		Junior	
	Net exposure	Value adj./write-backs	Net exposure	Value adj./write-backs	Net exposure	Value adj./write-backs
C. Not derecognised						
C.1 Loans	0	0	0	0	0	0

C.4 Prudential consolidation – Securitisation special purpose vehicle

Name of the securitisation / Name of the special purpose vehicle	Registered offices	Consolidation	Assets			Liabilities		
			Receivables	Debt securities	Other			
PONTORMO SME 2023 SRL	Rome - Via Curtatone 3	NO	12.201	0	0	0	0	0

INFORMATION ON SELF-SECURITISATION TRANSACTIONS– PONTORMO RMBS 2017

Since end of November 2017, Banca Cambiano has been involved as Originator, Servicer and Noteholder in the “Pontormo RMBS 2017” self-securitization transaction (the “Transaction”), with the special purpose vehicle company Pontormo RMBS s.r.l, a company the sole corporate purpose of which the realisation of one or more transactions for the securitization of receivables, registered at n. 35038.9 in the list of securitisation vehicles. During the second semester of 2019, the Transaction was subjected to a restructuring operation (the “Restructuring”) that, in short, consisted in the transfer of a second portfolio of credits by Banca Cambiano and the simultaneous issue of two additional asset-backed securities, a senior Note and a junior Note, with the same characteristics as the previously issued securities. The objectives of the Pontormo RMBS 2017 transaction, the main characteristics of the issued Notes, a selection of quantitative information regarding the 2023 fiscal year and the description of the booking methods in the Bank balance sheet, are illustrated below.

Objectives and structure of the Pontormo RMBS 2017 transaction

The Bank’s objective, in initiating the transaction, was to transform part of the lending assets (residential mortgage loans in an asset backed security type of note (Pontormo RMBS Class A) to be used in a series of activities aimed at further facilitating any needs for liquidity, and specifically:

- to collect short/medium term liquidity through transactions with the Eurosystem;
- to collect medium term liquidity through REPOs (at 2-3 years);
- to perfect refinancing transactions on the New Collateralised Interbank Market (New Mic);
- If the market opportunity arises, and consistently with the average weighted cost of the Bank’s funding, the sale of the ABS on the market.

The transaction was concluded obtaining an ABS instrument (with underlying loans issued by the Bank) with a high credit rating: in fact, on issue, the Note had a rating of AA for S&P and AA- for FITCH, higher than the Italian sovereign debt rating (which was, at the same moment, Baa2 for Moody's, BBB for S&P and BBB for Fitch). On 23/10/2018, Fitch reviewed and raised the rating of the Class “A” securities, increasing it from AA- (rating at issue) to AA, the maximum rating obtainable for Italian structured finance transactions. At the moment of the Restructuring in 2019, both rating agencies confirmed the AA rating for the senior Note issued in 2017 and assigned the same rating to the new senior Note issued within the scope of the Restructuring. At the end of April 2020, following the downgrade by Fitch of the rating for Italy, the agency lowered the rating of senior notes to AA- (the agency policy requires a maximum rating on structured finance transactions 6 notches higher than the sovereign rating of reference, so the downgrading of the notes is due solely to the lowered sovereign rating). Finally, in December 2021, following the rating upgrade for Italy, Fitch revised the rating for the senior notes in question, raising it back to AA. Currently, therefore, the senior notes are rated AA by both S&P and Fitch. Thus, the transaction made it possible to transform part of the Bank’s assets, which were otherwise not liquid (the real estate mortgage portfolio), into a financial instrument (the two senior notes) that is rated, transparent, held by the ECB, and, potentially tradable. This transaction stands out due to its “multi-originator” nature, in that it involves the participation of Banca di Pisa e Fornacette Credito Cooperativo (“Banca di Pisa e Fornacette”) along with Banca Cambiano. Each Bank, by means of a sales contract stipulated on 14 November 2017, sold a portfolio of loans (each of which was separate and independent with respect to the other) consisting of receivables, in accordance with the Securitization Law, classified as “in bonis” in conformity with current supervisory regulations, and deriving from mortgage loans secured by voluntary mortgages on real property. Within the scope of the Restructuring, each Bank sold, in the same manner described above, a second portfolio of mortgages, again, each of which was separate and independent with respect to the other. Below are some of the principal general criteria for eligibility of the transferred loans, valid for both transfer agreements:

- loans must be in Euro;
- Loans issued to physical persons residing in Italy who, in conformity with the classification criteria adopted by Bank of Italy with Circular. n 140 dated 11 February 1991 (as subsequently amended), fall under one of the following categories for sector of economic activity: n. 600 ("consumer households"); n. 614 (“artisans”) or n. 615 (“producer families”);
- Mortgage loans secured by voluntary mortgage on one or more real properties located on the Italian territory and with respect to which the real property on which the mortgage is secured (or, in case of one or more mortgages on more than one real property as guarantee for the same loan, the principal real property) is a residential property used as a dwelling;
- None of the borrowers is an employee, manager, statutory auditor or director of the Bank;
- None of the borrowers is a public administration or similar entity, nor a company that is directly or indirectly controlled by a public administration, nor a religious or ecclesiastic entity.

The above-mentioned originator banks act as Servicers of their own portfolios transferred to the Vehicle Company.

The SPV paid the selling banks the price of 695,618,219.29 euro within the scope of the first transaction, and 447,699,408.76 euro within the scope of the second transactions, corresponding to the total of the individual purchase prices for the receivables sold each time, as specified below:

- First transaction - Banca di Pisa e Fornacette: 232,893,077.48 euro;
- First transaction - Banca Cambiano: 462,725,141.81 euro;
- Second transaction - Banca di Pisa e Fornacette: 160,485,163.54 euro;
- Second transaction - Banca Cambiano: 287,214,245.22 euro.

The purchase of the first portfolio was financed by the SPV, in accordance with articles 1 and 5 of the Securitisation Law, by issuing on 27 November 2017, the classes of Notes specified here following:

Senior – (Class "A" Notes)
€ 181,656,000 Class A1-2017;
€ 360,925,000 Class A2-2017;

Junior – (Class "B" Notes)
€ 54,137,000 Class B1-2017;
€ 107,562,000 Class B2-2017.

Similarly, the second portfolio of receivables sold within the scope of the Restructuring operation was financed on 6 December 2019 by issuing the following securities:
Senior – (Class "A" Notes)
€ 157,866,000 Class A1-2019;
€ 285,773,000 Class A2-2019;

Junior – (Class "B" Notes)
€ 3,380,000 Class B1-2019;
€ 1,330,000 Class B2-2019.

Subscriber	Isin	Class	Senior Tranche	Rating at issue	Rating at 31.12.2023	Nominal	Amount outstanding at 31.12.2023	Amount outstanding after repayment 25.01.2024
Banca di Pisa e Fornacette	IT0005315210	Class A1 - 2017	84.00%	AA / AA-	AA / AA	181,656,000	49,835,654	48,795,574
Banca di Pisa e Fornacette	IT0005391237	Class A1 - 2019	84.00%	AA / AA	AA / AA	157,866,000	68,834,748	67,398,445
Banca Cambiano	**IT0005315228**	**Class A2 - 2017**	**84.00%**	**AA / AA-**	**AA / AA**	**360,925,000**	**109,113,428**	**106,865,482**
Banca Cambiano	**IT0005391245**	**Class A2 - 2019**	**84.00%**	**AA / AA**	**AA / AA**	**285,773,000**	**136,621,907**	**133,806,912**
		Class A Notes	**84.00%**			**986,220,000**	**364,405,737**	**356,866,412**
Banca di Pisa e Fornacette	IT0005315236	Class B1 - 2017	16.00%			54,137,000	54,137,000	54,137,000
Banca di Pisa e Fornacette	IT0005391252	Class B1 - 2019	16.00%			3,380,000	3,380,000	3,380,000
Banca Cambiano	**IT0005315244**	**Class B2 - 2017**	**16.00%**			**107,562,000**	**107,562,000**	**107,562,000**
Banca Cambiano	**IT0005391260**	**Class B2 - 2019**	**16.00%**			**1,330,000**	**1,330,000**	**1,330,000**
		Class B Notes	**16.00%**			**166,409,000**	**166,409,000**	**166,409,000**

Class A notes were listed on the Irish Stock Exchange, while class "B" Notes were neither listed nor given a rating. Senior Notes generate interest at a Euribor-linked floating interest rate at 1 month (with a 0% floor and cap equal to 3.50% for Class A1 notes and 3.52% for Class A2 notes) increased by a spread equal to 0.45%. Instead, Junior Notes, that do not have a coupon, receive inflows other than principal and due based on the order of priority for each period of reference. Interest and income on the notes are paid monthly on the 25th of each month.

The Notes subscribed by Banca Cambiano are Class A2 (senior) and Class B2 (junior) Notes, with the following characteristics:

Class A2-2017
Currency: Euro
Amount at issue: 360,925,000
Rate: Euribor 1M (floor at 0% and Cap 3.52%) + spread 0.45%
Coupon: monthly
Legal duration: May 2060
Redemption: amortisation linked to recovery of underlying receivables
Rating at 31.12.2023: AA by S&P, AA by Fitch
Listing: Irish Stock Exchange
ISIN: IT0005315228
Applicable law: Italian law.
Subscriber: Banca Cambiano.

Class A2-2019
Currency: Euro
Amount at issue: 285,773,000
Rate: Euribor 1M (floor at 0% and Cap 3.52%) + spread 0.45%
Coupon: monthly
Legal duration: May 2060
Redemption: amortisation linked to recovery of underlying receivables
Rating at 31.12.2023: AA by S&P, AA by Fitch
Listing: Irish Stock Exchange
ISIN: IT0005391245

Applicable law: Italian law.
Subscriber: Banca Cambiano.

Class B2-2017
Currency: Euro
Amount at issue: 107,562,000
Rate: N.D.
Coupon: monthly
Legal duration: May 2060
Redemption: amortisation linked to recovery of underlying receivables
Rating: Unrated
Listing: Not listed on a stock exchange
ISIN: IT0005315244
Applicable law: Italian law.
Subscriber: Banca Cambiano.

Class B2-2019
Currency: Euro
Amount at issue: 1,330,000
Rate: N.D.
Coupon: monthly
Legal duration: May 2060
Redemption: amortisation linked to recovery of underlying receivables
Rating: Unrated
Listing: Not listed on a stock exchange
ISIN: IT0005391260
Applicable law: Italian law.
Subscriber: Banca Cambiano.
he Notes are all managed in dematerialised form by Monte Titoli S.pA.

The amounts for Junior Notes include:
• A cash reserve ("Cash Reserve Amount") equal to 1.50% of the par value of the Senior Notes issued within the scope of the Restructuring operation (7,688,433 euro for Banca Cambiano):

Cash Reserve Amount (1.50% of par value of the issued Senior note)		
	% of total	**€**
Banca di Pisa e Fornacette Cash Reserve Amount	34.62%	4,071,673
Banca Cambiano Cash Reserve Amount	65.38%	7,688,433
Total Reserve	**100.00%**	**11,760,106**

- • The amount required to fund the reserve for expenses (Retention Amount) which, at the time of issue, corresponds to 53,216.00 for Banca Cambiano for a total amount amounting to 80,000.00 euro:

Retention Amount (expenses reserve at issue)		
	% on total	**€**
Banca di Pisa e Fornacette	33.48%	26,784
Banca Cambiano	66.52%	53,216
Total	**100%**	**80,000**

- • The Transaction restructuring expenses (294,727.31 pro quota for Banca Cambiano) and the expenses for the Restructuring (246,905.34 pro quota for Banca Cambiano).

The cash reserve is a guarantee for Senior Noteholders (who in this case are the same as the originators and therefore there is also an implicit guarantee in favour of Banca Cambiano, which holds the Class "A2" Notes). An amortisation of the cash reserve is also provided for (based on the amount of funds available), which is gradually repaid to the respective bank based on the amortisation of the respective Senior Notes, up to a set minimum level (0.8% of the par value of the Senior Notes at the moment of the Restructuring). At the moment, it is not possible to use the cash reserve in any way and it is provided that such a reserve remain available to the vehicle in the form of cash, contributing to the amount of available funds, if necessary.

Cash Reserve Amount	Reserve at issue	Outstanding reserve at 31.12.2023
Banca di Pisa e Fornacette Cash Reserve Amount	4,071,673	2,189,430
Banca Cambiano Cash Reserve Amount	**7,688,433**	**4,144,473**
Total Reserve	**11,706,106**	**6,333,903**

The Retention Amount is an expense fund available to the vehicle, used by the structure for the vehicle's management costs. At each monthly settlement, on the basis of the documented costs sustained, this expense account/fund is replenished until it is the equivalent of the pre-established total amount of 80,000.00 Euro, of which the € 53,216 mentioned above represent the share for which Banca Cambiano was responsible at the time of subscription.

The Notes are repaid on the same date as the payment of interest, in accordance with recovery of the underlying receivables, available funds and the order of priority of payments (illustrated below). The interest period becomes effective starting from a payment date (inclusive) through the following payment date (exclusive) and interest is calculated on the basis of the actual number of days that have passed, divided by 360. The characteristics of the class "A" notes allow them to be used for loan transactions with the European Central Bank.

Selected quantitative information at 31/12/2023

A selection of some of the principal information of a quantitative nature regarding the operation in review is set forth below. The values, unless otherwise specified, are in Euro and refer to 31 December 2023.

Securitised assets

At the close of 2023, securitised assets were equivalent to their price of purchase, net of collections as at the transfer dated of 31 December 2023, of the amounts to be received for collections due in the fiscal year but not yet transferred by the Servicer, and increased by accrued interest due as at 31 December 2023.

	31/12/2023
In bonis securitised assets	507,673,341
Receivables for interest accrued but not yet collected	122,635
Total	**507,795,976**

Assets disposed of by Banca Cambiano had the following characteristics:

	31/12/2023
Residual capital	339,350,493
Number of loans	5,133
Average residual life (years)	14.10
Weighted average rate	4.35%
Average amount of the loan	66,111.53
Current LTV	65.11%

The table below indicates the outstanding securitized assets as at 31 December 2023 classified on the basis of their residual life:

	Total Portfolio		**Banca Cambiano Portfolio**	
	Balance at 31/12/2023	**% incidence**	**Balance at 31/12/2023**	**% incidence**
Up to 3 months	70,730	0.01%	48,781	0.01%
From 3 to 6 months	191,602	0.04%	149,092	0.04%
From 6 to 12 months	930,816	0.18%	630,214	0.16%
From 12 to 60 months	29,498,469	5.81%	22,515,996	6.64%
Over 60 months	476,981,725	93.95%	316,006,409	93.12%
Total	**507,673,341**	**100.00%**	**339,350,493**	**100.00%**

In conclusion, the table below shows the breakdown of the portfolio subdivided by category as at 31 December 2023:

	Total Portfolio		**Banca Cambiano Portfolio**	
	Number of positions	**Balance at 31/12/2023**	**Number of positions**	**Balance at 31/12/2023**
Up to 25,000	1,603	22,032,671	1,242	17,388,130
From 25,000 to 75,000	3,018	145,738,126	2,153	102,814,347
From 75,000 to 250,000	2,667	310,243,770	1,675	195,870,401
Over 250,000	80	29,658,773	63	23,277,614
Total	**7,368**	**507,673,341**	**5,133**	**339,350,493**

Use of available funds

Description	**31/12/2023**
Liquidity at BNY c/c n. 6983879780 (Expenses Acc.)	83,305
Liquidity at BNY c/c n. 6983899780 (Banca Cambiano Transitory CR Acc.)	0
Liquidity at BNY c/c n. 6983919780 (BCC Pisa e Fornacette Transitory CR Acc.)	0
Liquidity at BNY c/c n. 6983989780 (General Acc.)	8,285,480
Liquidity at BNY c/c n. 6983999780 (Banca Cambiano Cash Reserve Acc.)	4,154,091
Liquidity at BNY c/c n. 6984009780 (BCC Pisa e Fornacette Cash Reserve Acc.)	2,194,511
Liquidity at BNY c/c n. 6983929780 (Payment Acc.)	4,460
Liquidity at BNY c/c n. 6983939780 (Banca Cambiano Suspension Acc.)	331,611
Liquidity at BNY c/c n. 6983949780 (BCC Pisa e Fornacette Suspension Acc.)	28,061

Description	31/12/2023
Receivables due to result of the transaction	3,898,905
Receivable from Servicers for collections to be received	990,630
Accrued interest payable on securitised loans	3,491,916
Prepaid expenses	30,789
Total	**23,493,759**

Interest on issue of notes (economic competence)

	31/12/2023
Interest expenses on Class A notes	14,448,730
Interest expenses Class B notes	6,643,569

Fees and commissions charged to the transaction

During the 2023 fiscal year, fees and commissions charged to the transaction were composed of the line items detailed in the table below:

Description	31/12/2023
Servicing fees (Banca Pisa)	81,205
Servicing fees (Banca Cambiano)	**184,430**
Computation agent fees	30,988
Sub computation agent fees	1,325
Listing agent fees	3,016
Representative of the noteholders fees	9,273
Account Bank, Cash Manager, Principal Paying Agent fees	14,457
Other	111,112
Total	**435,806**

Interest generated by the securitised assets

For the fiscal year ending 31 December 2023, the total portfolio of self-securitised assets generated the following interest amounts:

	31/12/2023
Interest on securitised receivables	20,690,256
Interest on early settlement	149,684
Other revenue	688,165
Total	**21,528,105**

INDICATION OF THE UNDERWRITTEN CONTRACTS

For the purpose of carrying out the self-securitization transaction and the subsequent restructuring, it was necessary to underwrite the contract agreements outlined below with various counterparties:

i. N. 4 "Transfer Agreements" (two during the structuring of the Transaction and two during the restructuring) by virtue of which the Company purchased from Banca di Pisa e Fornacette and Banca Cambiano against payment, in block and without recourse, the respective credit claim portfolios;
ii. N. 2 "Warranty and Indemnity Agreements" (one during the structuring of the Transaction and one during the restructuring) as per which each Originator Bank issued specific declarations and guarantees, granted security and committed to obligations of indemnification regarding their respective Claims and the assignment thereof to the Company;
iii. "Servicing Agreement" (modified and integrated during the restructuring stage from the "Agreement for amendment to the Servicing Agreement), by means of which the Company appoints each Originator Bank to execute services regarding the administration, management, collection and redemption of their respective Claims (including, for the sake of clarity, any defaulted claims);
iv. " Corporate Services Agreement", by means of which the Company appoints Cabel Holding S.p.A. as Administrator of company activities;
v. "Stichting Corporate Services Agreement";
vi. "Back-up Servicing Agreement", by means of which the Company appoints the back-up servicers to act as substitutes for the Servicers in the event of cancellation of the appointment of Banca di Pisa e Fornacette or Banca Cambiano as Servicers as per the Servicing Agreement;
vii. "Cash Administration and Agency Agreement" between, inter alios, the Company, the Originator banks, the Bank of New York Mellon SA/NV – Milan Branch, Invest Banca S.p.A., KPMG Fides Servizi di Amministrazione S.p.A. and Cabel Holding S.p.A.;
viii. "Intercreditor Agreement" between, inter alios, the Company, the Originator banks, the Bank of New York Mellon SA/NV – Milan Branch, Invest Banca S.p.A., KPMG Fides Servizi di Amministrazione S.p.A. and Cabel Holding S.p.A.;
ix. " Notes Subscription Agreement" between the Company, KPMG Fides Servizi di Amministrazione S.p.A., Banca di Pisa e Fornacette, Banca Cambiano and Banca Akros S.p.A.;
x. "Quotaholder's Agreement" between the Company, Cabel Holding S.p.A., Stitching Muitenburg and KPMG Fides Servizi di Amministrazione S.p.A.;

xi. N. 2 “Written Resolutions”, by means of which the Noteholders approved the restructuring of the transaction, authorising the RON and the Company to take the actions required to complete the restructuring of the transaction;
xii. “Amendment Agreement”, undersigned by all the parties involved in the Transaction, in which amendments are made to the previously undersigned agreements, as required to allow restructuring the Transaction.
xiii. "Offering Circular" (comprehensive of the terms of the Notes).

SUBJECTS INVOLVED IN THE TRANSACTION
The subjects involved in the transaction, in one way or another, are specified herein following.

Issuer/purchaser of the claims
Pontormo RMBS Srl, a limited liability company incorporated under article 3 of Law 130/99, taxation code, Vat code and registration number in the Register of Companies n. 06272000487, fully paid-in share capital equal to 10,000.00 Euro, enrolled in the Register of special purpose vehicles kept by Bank of Italy pursuant to Bank of Italy provision of 7 June 2017 con n. 35039.9, whose registered offices are in Empoli (FI), in via Cherubini 99.

Originators/servicers/Back-up Servicers
Banca di Pisa e Fornacette Credito Cooperativo S.C.p.A, a bank incorporated in Italy as a “Società Cooperativa per azioni”, registered in the Register of Banks kept by Bank of Italy pursuant to article 13 of the Banking Consolidation Act at n. 4646, with registered offices in Lungarno Pacinotti, 8 – 56126 Pisa ("Banca di Pisa e Fornacette").

Banca Cambiano 1884 S.p.A., a bank incorporated in Italy as a company limited by shares, registered in the Register of Banks kept by Bank of Italy pursuant to article 13 of the Banking Consolidation Act at n. 5667, with offices in Viale Antonio Gramsci, 34 - 50132 Florence ("Banca Cambiano").

Agent Bank/Transaction Bank/ Paying Agent
The Bank of New York Mellon SA/NV, Milan branch, a company incorporated under the laws of Belgium, operating through its branch office in Via Mike Bongiorno, 13, 20124, Milano, Italia, ("BNYM ").

Operating Bank
Banca Cambiano 1884 S.p.A., a bank incorporated in Italy as a company limited by shares, registered in the Register of Banks kept by Bank of Italy pursuant to article 13 of the Banking Consolidation Act at n. 5667, with offices in Viale Antonio Gramsci, 34 - 50132 Florence ("Banca Cambiano").

Representative of the Noteholders/ Stichting Corporate Services Provider/ Back-up Computation Agent
KPMG Fides Servizi di Amministrazione SpA, a company limited by shares incorporated in Italy, registered with the Register of Companies in Milan, Italy, at n. 00731410155, with registered offices in Via Vittor Pisani 27, Milan (MI), Italy, operating through its Rome branch, in Via Eleonora Duse, 53 ("KPMG").

Corporate Services Provider/Computation Agent
Cabel Holding SpA, a company limited by shares incorporated in Italy, registered in the Register of Company of Florence, Italy, at n. 04492970480, with offices in Via L. Cherubini, 99, Empoli (FI), Italia ("Cabel Holding").

Quotaholders
(i) Stichting Muitenburg, a foundation incorporated under Dutch Law, with registered offices in Hoogoorddreef 15, 1101BA, Amsterdam (Netherlands), registered in the Register of Companies of Amsterdam at n. 55248780, and (ii) Cabel Holding.

Rating Agencies
Fitch Italia S.p.A. (“Fitch”) and S&P Global Ratings Italy S.R.L. (“S&P”).

Arranger
Banca Akros SpA, a bank incorporated in Italy as a *società per azioni*, whose registered offices are in Viale Eginardo 29, 20149 Milan, Italy, with fully paid-in share capital of 39,433,803 Euro, registered in the Register of Companies of Milan at n. 03064920154 and in the Register of banks kept by Bank of Italy at n. 5328, participant to the banking group "Banco BPM", subject to the management and coordination activities ("*attività di direzione e coordinamento*"), of Banco BPM, authorised to carry out business in Italy pursuant to the Banking Consolidation Act ("Banca Akros").

Legal Advisor
Orrick, Herrington & Sutcliffe.

ALLOCATION OF CASH FLOWS ARISING FROM THE PORTFOLIO
A summarised schedule of the allocation of cash flows arising from transferred claims is provided here below. Please note the following main features:
a) The elements described in the order of payment are stepped and based on priority, in that they are settled only if there are sufficient residual funds after having paid the preceding element.

b) At each payment date, two different orders of payment are prepared (identical in form and contents), one for each Originator Bank /Noteholder. In this way, the collections generated by the securitized portfolio of a Bank, deducting the respective structural costs due, remain fully with the Bank that has transferred the portfolio. Nonetheless, in cases of particular stress of the structure or of insufficient performance of the portfolios, reciprocity mechanisms between the two Banks have been set up, so that all collection generated by the portfolio of one bank may be used to integrated the available funds of the other bank that is in deficit. Should this occur, debit/credit positions arise within the structure, which are automatically offset as soon as possible.

i. Banca di Pisa e Fornacette/Banca Cambiano *Outstanding Notes Ratio*[4] di (i) of all taxes and required to be paid in order to preserve the corporate existence of the Issuer, (ii) all costs and taxes required to be paid in order to maintain the rating of the Notes;
ii. Banca di Pisa e Fornacette/Banca Cambiano Outstanding Notes Ratio of fees, costs and all other sums payable to the Representative of the Noteholders;
iii. Banca di Pisa e Fornacette/Banca Cambiano Outstanding Notes Ratio of the amount required to guaranty that the balance standing to the credit of the Expenses Account on such Payment Date is equal to the Retention Amount;
iv. Banca di Pisa e Fornacette/Banca Cambiano Outstanding Notes Ratio of fees, costs and all other sums due and payable to the (Back-up) Computation Agent, the Agent Bank, the Transaction Bank, the Paying Agent, the Corporate Services Provider and the Stichting Corporate Services Provider;
v. Servicing fees to the respective Servicers;
vi. Interest due and payable on Class A1/A2 Notes;
vii. The amount required so the balance of the Cash Reserve Account is equal to the Target Cash Reserve Amount.;
viii. Reimbursement of principal due on Class A1/A2 Notes at the Payment Date;
ix. Any amounts required to increase the Available Funds of the other portfolio for an amount equal to the corresponding quota of cash reserve of the other portfolio used in previous IPD to increase the Available Funds of this portfolio;
x. In the event of a Disequilibrium Event for a portfolio, the Principal Amortisation Reserve Amount to be credited to the relative Principal Amortisation Reserve Account in relation to the portfolio for which the Disequilibrium Event did not occur;
xi. In the event of a Detrimental Event, the amount of the Reserve Amount to be credited to the Reserve Account;
xii. (i) Any amount due from the SPV to the Originators as repayment for an indemnity paid by the Originator to the SPV within the scope of the warranty and indemnity agreement (ii) any amounts due from the SPV to the servicer within the scope of the servicing agreement that have not been paid pursuant to the previous points;
xiii. Only on the first payment date, to pay Originators the respective interest;
xiv. Pay (a) to each Originator every amount due referring to adjustment in the purchase price in relation to the claims not listed in the transfer agreement but that respected the criteria listed in the same and every amount due to the SPV as per the warranty and indemnity agreement (other than those under point 12 above) and (b) to the relative subscriber of Class B Notes or the relative Originator any amount due by the SPV as per the subscription agreement;
xv. Any amount due to the respective Originator as repayment of the insurance price and the related expenses pre-paid thereby, under the transfer agreement;
xvi. Interest due and payable on Class B1/B2 Notes.
xvii. Starting from the Payment Date on which Class A Notes are fully redeemed, repayment of principal on Class B1/B2 Notes;
xviii. After full and final settlement of all payments due under this Order of Priority and the full redemption of all the notes, payment of any surplus on the accounts of vehicle in favour of Banca di Pisa e Fornacette/Banca Cambiano.

D. Sales transactions

A. Financial assets sold but not fully derecognised
Qualitative and quantitative information
D.1 Prudential consolidation - Sold financial assets recognised in full and connected financial liabilities: balance sheet values

Technical forms/Portfolio	Sold financial assets recognised in full				Connected financial liabilities		
	Book value	of which: subject of securitisation transactions	of which: subject of sales contracts with agreement to repurchase	of which impaired	Book value	of which: subject of securitisation transactions	of which: subject of sales contracts with agreement to repurchase
A. Financial assets held for trading				**X**			
1. Debt securities	0	0	0	X	203,249	0	203,249
2. Capital securities	0	0	0	X	0	0	0
3. Loans	0	0	0	X	0	0	0
4. Derivatives	0	0	0	X	0	0	0

[4] That is, the fraction of the notes pertinent to one bank with respect to the total outstanding notes.

Technical forms/Portfolio	Sold financial assets recognised in full				Connected financial liabilities		
	Book value	of which: subject of securitisation transactions	of which: subject of sales contracts with agreement to repurchase	of which impaired	Book value	of which: subject of securitisation transactions	of which: subject of sales contracts with agreement to repurchase
B. Financial assets obligatorily measured at fair value							
1. Debt securities	0	0	0	0	0	0	0
2. Capital securities	0	0	0	X	0	0	0
3. Loans	0	0	0	0	0	0	0
C. Financial assets measured at fair value							
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 with impact on total profits							
1. Debt securities	176,561	0	176,561	0	0	0	0
2. Capital securities	0	0	0	X	0	0	0
3. Loans	0	0	0	0	0	0	0
C. Financial assets measured at amortised cost							
1. Debt securities	50,041	0	50,041	0	12,319	0	12,319
2. Loans	112,499	112,499	0	40	101,413	101,413	0
Total at 31/12/2023	**339,101**	**112,499**	**226,602**	**40**	**316,981**	**101,413**	**215,568**
Total at 31/12/2022	**204,973**	**0**	**204,973**	**0**	**205,351**	**0**	**205,351**

D.3 Prudential consolidation - Sales transactions with liabilities that have recourse exclusively on the transferred assets not fully recognised: fair value

Technical forms/Portfolio		Recognised in full	Partially recognised	Total	
				31/12/2023	31/12/2022
A. Financial assets held for trading					
1. Debt securities		0	0	0	18,511
2. Capital securities		0	0	0	0
3. Loans		0	0	0	0
4. Derivatives		0	0	0	0
B. Financial assets obligatorily measured at fair value					
1. Debt securities		0	0	0	0
2. Capital securities		0	0	0	0
3. Loans		0	0	0	0
C. Financial assets measured at fair value					
1. Debt securities		0	0	0	0
2. Loans		0	0	0	0
D. Financial assets measured at fair value with impact on total profits					
1. Debt securities		176,561	0	176,561	186,462
2. Capital securities		0	0	0	0
3. Loans		0	0	0	0
C. Financial assets measured at amortised cost (fair value)					
1. Debt securities		48,508	0	48,508	0
2. Loans		112,499	0	112,499	0
Total financial assets		**337,568**	**0**	**337,568**	**204,973**
Total connected financial liabilities		**316,981**	**0**	**316,981**	**X**
Net value at 31/12/2023		**20,587**	**0**	**20,587**	**X**
Net value at 31/12/2022		**204,973**	**0**	**X**	**204,973**

Notes

As regards receivables from customers and payables to customers, the "fair value" used in the table is equivalent to the amortised cost.

1.2 Market risk

Qualitative information
For the purpose of reporting as regards this section, only financial instruments (both assets and liabilities) included in the "regulatory trading portfolio" were taken into consideration, as required by regulations regarding regulatory information on market risks (cfr. Circular n. 286 of 17 December 2013 issued by Bank of Italy).

A. General information
Within the scope of the Group, the only company exposed to interest rate risk and price risk on the regulatory trading portfolio is Banca Cambiano 1884 S.p.A.
The primary activity of the Bank is trading financial instruments exposed to interest rate risk.
The strategy underlying its trading activity corresponds both to treasury needs and to the objective of enhancing the risk/yield profile of portfolio investments in terms of the interest rate risk and the counterparty's credit risk.
Trading regards exclusively operations involving bonds.

B. Management procedures and measurement methods for interest rate risk and price risk
The Finance Area Regulations establish both operating limits (both in terms of portfolio value as well as the breakdown by type of security) and limits for exposure to interest rate risk (in terms of financial duration).
In the meeting held on 16 January 2020, the Board of Directors approved the Policy on interest rate risk, accompanied by the attached methodology document, which was subsequently updated during the meeting held on 26/03/2022.

Quantitative information

1.2.1.1 Regulatory trading portfolio: distribution by residual duration (repricing date) of cash financial assets and liabilities and financial derivatives - All currencies

Type/Residual duration	Demand	Up to 3 months	Beyond 3 months through 6 months	Beyond 6 months through 1 year	Beyond 1 year through 5 years	Beyond 5 years through 10 years	Beyond 10 years	Indefinite duration	Total
1. Cash assets									
1.1 Debt securities									
- with early redemption option	0	0	0	0	0	0	0	0	**0**
- other	0	727	494	4,753	71,367	6,600	0	0	**83,941**
1.2 Other assets	0	0	0	0	0	0	0	0	**0**
2. Cash liabilities									
2.1 Repurchase agreements on debt	0	203,249	0	0	0	0	0	0	**203,249**
2.2 Other liabilities	0	0	0	0	0	0	0	0	**0**
3. Financial derivatives									
3.1 With underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	221,688	0	0	0	0	0	0	**221,688**
+ short-term positions	0	221,391	0	0	0	0	0	0	**221,391**
3.2 Without underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	618	0	0	0	0	0	0	**618**
+ short-term positions	0	442	0	0	0	0	0	0	**442**

2.2 Interest rate risk and price risk – bank portfolio

Qualitative information
A. General information, management procedures and measurement methods for interest rate risk and price risk
Interest rate risk is created by an imbalance between the due dates (re-pricing) of asset and liability items belonging to the bank portfolio. This latter is composed of all the financial instruments, assets and liabilities, not included in the trading portfolio in accordance with current regulatory provisions.
The Finance Area is directly responsible for the operational management of interest rate risk, pursuant to the indications provided by the Board of Directors.

When the thresholds approved by the Board are exceeded, the Finance Area promptly intervenes, on instruction by the Managing Director, and having interfaced with the Risk Management Function, to bring the exposure to interest rate risk back within the established thresholds; specifically, the Finance Area:

- Implements micro-hedging and macro-hedging operations to cover medium-to-long term asset/liability balance sheet items;
- Collaborates with the Risk Management function to determine new indexing structures for interest rates on commercial deposit/lending products, that are subsequently communicated to the relevant company functions;
- Implements hedging operations on short-term balance sheet asset/liability items, promptly informing the Managing Director and the Risk Management function as to the actions undertaken and the impact that they will produce on the mitigation of interest rate risk.

The interest rate risk control process defines the methods used to measure the limits on risk indicators, and the remediation process in the event that such limits are exceeded.

Controls regarding the Group's compliance to the established limits are carried out quarterly by the Risk Management function, which produces a specific report for the purpose of providing all relevant information. Based on how severely the established limits have been exceeded, various actions to mitigate interest rate risk are provided for:

- The **early warning** is intended as a warning threshold, for which no specific corrective / risk management actions are required;
- the **operational limit** is intended as a risk limit which, if exceeded, necessarily requires corrective / risk management actions.

Exposure to banking book interest rate risk is calculated by the Group in a manner consistent with the provisions of current regulations, through the simplified Regulatory approach (Cfr. Bank of Italy Circular n. 285/2013, First Part, Title III, Chapter 1, Annex C, that introduces the recent guidelines of the European Banking Authority); by using this method, the Bank can monitor the impact of unexpected changes in market conditions on the value of shareholders' equity, thus making it possible to identify the mitigation interventions to be executed.

More in detail, the process to estimate exposure to banking book rate risk provided using the simplified method provides for the following stages:

- Determination of the relevant currencies. "relevant currencies" are those that represent a percent of the total assets, or of total liabilities of the banking portfolio, that is greater than 5%. For the purpose of the calculation method for exposure to interest rate risk, positions in "relevant currencies" are considered individually, while positions in "non-relevant currencies" are aggregated for the respective counter-value in Euro;
- Classification of assets and liabilities into time brackets. Nineteen (19) time brackets are provided for. Fixed rate assets and liabilities are classified based on their residual life, while floating rate assets and liabilities are classified based on the interest rate renegotiation;
- Within each bracket, assets and liabilities are multiplied by the weighting factors, obtained as the product between a hypothetical variation in the rates and an approximation of the modified duration relative to each of the brackets;
- Within each bracket, asset positions are offset by liability positions, thereby obtaining a net position;
- Aggregation in the various currencies. The absolute values of the exposures relating to each "relevant currency" and to the aggregate of "non-relevant currencies" are summed together, to obtain a value that represents the variation in the economic value of the Bank, as a function of the hypothesised interest rate trend.

The main sources of interest rate risk are fixed rate positions. As regards asset entries, these are amounts referring primarily to fixed rate securities (BTP) and mortgages, and for liability entries, these are amounts referred to customer deposits.

Cambiano Leasing S.p.A. fixed rate lending positions represent only 4% of receivables booked at line item 40 "Financial assets measured at amortised cost" in the financial statements. The principle source of interest rate risk that the Company incurs is therefore represented by repricing risk and its impact on the mismatched timing of maturities of assets and liabilities.

Cambiano Leasing S.p.A. does not perform speculative transactions on rates.

Interest rate risk inherent to the banking portfolio is monitored by the Group on a quarterly basis.

The Group's banking book interest rate risk is subjected to stress tests by the Risk Management function. Stress tests represent the whole of the qualitative and quantitative methods through which the Group assesses its vulnerability to adverse market scenarios. The methodology adopted entails the application of instantaneous shocks to the rate curve for all relevant currencies, and in an aggregate manner for non-relevant currencies, measuring the effects in terms of variations to the economic value of the company.

The stress scenarios used for testing are based on regulatory scenarios, in accordance with the guidelines issued by the European Banking Authority in 2018[5]:

- Parallel up – increasing parallel shock;
- Parallel down – parallel decreasing shock;

} *Shift scenarios: parallel and immediate shocks for curves of all currencies (+/- 200 bps)*

- Steepener – increase of the slope of the curve;
- Flattener – reduction of the slope of the curve;

} *Twist scenarios: non-parallel and immediate shocks for curves of all currencies*

- Short rate shock up – increase of short-term rates;
- Short rate shock down – decrease of short-term rates.

} *Variations of rates with decreasing intensity from the 'demand' bracket to 'over 20 years.*

The Risk Management function is responsible for the periodical assessment (at least on a yearly basis) of the stress tests, implemented so as to monitor that the sensitivity scenarios used for the stress tests are always consistent with the type of financial instruments present within the scope of the assessment, and with any past and/or expected adverse market conditions.

Quantitative information

1.2.2.1 Bank portfolio: distribution by residual duration (by re-pricing date) of financial assets and liabilities - All currencies

Type/Residual duration	Demand	Up to 3 months	Beyond 3 months through 6 months	Beyond 6 months through 1 year	Beyond 1 year through 5 years	Beyond 5 years through 10 years	Beyond 10 years	Indefinite duration	Total
1. Cash assets									
1.1 Debt securities									
- with early redemption option	0	0	0	0	0	0	0	0	**0**
- other	0	124,815	66,926	239,404	278,617	110,949	30,064	0	**850,777**
1.2 Loans to banks	375,638	29,508	0	0	0	0	0	0	**405,146**
1.3 Loans to customers									
- c/c	609,091	584	1,740	2,766	6,927	3	0	0	**621,111**
- Other loans									
- with early redemption option	69,140	63,904	6,561	17	0	0	0	0	**139,623**
- other	1,711,166	99,361	35,697	71,049	200,338	111,059	161,639	0	**2,390,309**
2. Cash liabilities									
2.1 Payable to customers									
- c/c	2,957,903	19,754	18,754	45,679	362,182	83,672	0	0	**3,487,944**
- other payables									
- with early redemption option	0	0	0	0	0	0	0	0	**0**
- other	37,719	101,413	12,319	0	0	0	0	0	**151,452**
2.2 Payable to banks									
- c/c	71,677	14,500	0	0	0	0	0	0	**86,177**
- other payables	554,894	0	0	0	0	0	0	0	**554,894**
2.3 Debt securities									
- with early redemption option	0	0	0	0	0	0	0	0	**0**
- other	15	22,019	9,761	28,146	55,313	57,167	0	0	**172,421**
2.4 Other liabilities									
- with early redemption option	0	0	0	0	0	0	0	0	**0**
- other	0	0	0	0	0	0	0	0	**0**
3. Financial derivatives									
3.1 With underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
3.2 Without underlying security									
- Options									

[5] *For the definition of the scenarios, please refer to the document "EBA/GL/2018/02 - EBA Guidelines on the management of interest rate risk arising from non-trading activities (July 2018)*

Type/Residual duration	Demand	Up to 3 months	Beyond 3 months through 6 months	Beyond 6 months through 1 year	Beyond 1 year through 5 years	Beyond 5 years through 10 years	Beyond 10 years	Indefinite duration	Total
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	3,708	0	0	0	0	0	0	**3,708**
+ short-term positions	0	67,752	1,734	0	0	0	0	0	**69,486**
4. Other off-balance sheet transactions									
+ long-term positions	3,927	590	553	3,383	1,673	21,789	716	0	**32,632**
+ short-term positions	32,632	0	0	0	0	0	0	0	**32,632**

Notes
Long-term positions and short-term positions in the line item “other derivatives” in point 3.2 are expressed in notional values.

1.2.3 Exchange rate risk

Qualitative information

A. General information, management procedures and measurement methods for exchange rate risk

Exchange rate risk represents the risk of suffering losses on operations in foreign currency, due to the effect of negative variations to foreign currencies.
Within the scope of the Group, the only company exposed to exchange rate risk, albeit only marginally, is Gruppo Cambiano 1884 S.p.A.
The Bank’s Finance Regulations define the overall daily limit position in exchanges, in compliance with the company Risk Appetite Framework. The aim is to have daily positions that are tendentially balanced, and always in compliance with the limits specified in the Finance Regulations currently in force.
On a daily basis, the Risk Management office verifies compliance with the obligations/limits of the global exchange position. The organisational structure provides that the management of the exchange rate risk is delegated to the Foreign Office for assets used to service customers and to the Securities Treasury Office for financial instruments, whereas the measurement of exposure is attributed to the Risk Management Office based on the data provided by the Management Control Office.
As regards exchange rate risk, current supervisory regulations require complying with a capital requirement equal to 8% of the “net open position in foreign currency” only if the latter exceeds 2% of own funds.
The Bank is only marginally exposed to foreign exchange rate risk: at 31/12/2023 the “net open position in foreign currency” was limited within 2% of own funds, thereby excluding the Bank from the obligation to meet the aforementioned capital requirement.

B. Hedging of exchange rate risk

The Group has implemented no exchange rate risk hedging operations.

Quantitative information

1.2.3.1 Distribution by denominated currency of assets, liabilities and derivatives

Line items	Currencies					
	USA dollar	British pound sterling	Swiss franc	Canadian dollar	Japanese yen	Other currencies
A. Financial assets						
A.1 Debt securities	0	0	0	0	0	0
A.2 Capital securities	0	0	0	0	0	0
A.3 Loans to banks	5,635	269	343	211	73	217
A.4 Loans to customers	84,038	0	0	0	0	0
A.5 Other financial assets	0	0	0	0	0	0
B. Other assets	**243**	**19**	**118**	**29**	**72**	**68**
C. Financial liabilities						
C.1 Payable to banks	43,868	0	0	0	0	146
C.2 Payable to customers	10,377	4,115	36	13	163	19
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**	**0**	**0**	**0**	**0**
E. Financial derivatives						
- Options						
+ Long-term positions	0	0	0	0	0	0

Line items	Currencies					
	USA dollar	British pound sterling	Swiss franc	Canadian dollar	Japanese yen	Other currencies
+ Short-term positions	0	0	0	0	0	0
- Other derivatives						
+ Long-term positions	16,487	3,708	0	0	0	7
+ Short-term positions	52,663	0	421	200	0	0
Total assets	**106,402**	**3,996**	**461**	**240**	**145**	**291**
Total liabilities	**106,908**	**4,115**	**457**	**213**	**163**	**165**
Imbalance (+/-)	**-506**	**-119**	**4**	**27**	**-18**	**126**

1.3 Derivative instruments and hedging policies

1.3.1 Trading derivative instruments

A. Financial derivatives

A.1 Trading financial derivatives: notional end period values

Underlying assets / types of derivatives	Total at 31/12/2023				Total at 31/12/2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	without central counterparties			Central counterparties	without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates								
a) Options	0	0	0	0	0	0	0	0
b) Swap	0	0	0	0	0	0	0	0
c) Forward	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. Capital securities and equity indexes								
a) Options	0	0	0	0	0	0	0	0
b) Swap	0	0	0	0	0	0	0	0
c) Forward	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. Currencies and gold								
a) Options	0	0	0	0	0	0	0	0
b) Swap	0	0	0	0	0	0	0	0
c) Forward	0	0	69,865	0	0	0	54,514	0
d) Futures	0	0	0	0	0	0	0	0
e) Other	0	0	0	0	0	0	0	0
4. Goods	0	0	0	0	0	0	0	0
5. Other underlying assets	0	0	0	0	0	0	0	0
Total	**0**	**0**	**69,865**	**0**	**0**	**0**	**54,514**	**0**
Average values	**0**	**0**	**62,190**	**0**	**0**	**0**	**53,133**	**0**

A.2 Trading financial derivatives: positive and negative gross fair value– subdivided by product

Underlying assets / types of derivatives	Total at 31/12/2023				Total at 31/12/2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value								
a) Options	0	0	0	0	0	0	0	0
b) Interest rate swap	0	0	0	0	0	0	0	0
c) Cross currency swap	0	0	0	0	0	0	0	0
d) Equity swap	0	0	0	0	0	0	0	0
e) Forward	0	0	618	0	0	0	683	0
f) Futures	0	0	0	0	0	0	0	0
g) other	0	0	0	0	0	0	0	0
Total	**0**	**0**	**618**	**0**	**0**	**0**	**683**	**0**
2. Negative fair value								
a) Options	0	0	0	0	0	0	0	0

Underlying assets / types of derivatives	Total at 31/12/2023				Total at 31/12/2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
b) Interest rate swap	0	0	0	0	0	0	0	0
c) Cross currency swap	0	0	0	0	0	0	0	0
d) Equity swap	0	0	0	0	0	0	0	0
e) Forward	0	0	442	0	0	0	98	0
f) Futures	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0
Total	**0**	**0**	**442**	**0**	**0**	**0**	**98**	**0**

A.3 OTC trading financial derivatives: notional values, gross positive and negative fair value by counterparties

Contracts that are not a part of netting agreements	Central counterparties	Banks	Other financial companies	Other parties
Contracts that are not a part of netting agreements				
1) Debt securities and interest rates				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
2) Capital securities and equity indexes				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
3) Currencies and gold				
- notional value	X	52,641	0	17,224
- positive fair value	X	148	0	471
- negative fair value	X	398	0	45
4) Goods				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
5) Other				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
Contracts that are a part of netting agreements				
1) Debt securities and interest rates				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
2) Capital securities and equity indexes				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
3) Currencies and gold				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
4) Goods				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
5) Other				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0

A.4 Residual life of OTC trading financial derivatives: notional values

Underlying assets/Residual life	Up to 1 year	Beyond 1 year and through 5 years	Beyond 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	0	0	0	**0**
A.2 Financial derivatives on capital securities and equity indexes	0	0	0	**0**
A.3 Financial derivatives on exchange rates and gold	69,865	0	0	**69,865**
A.4 Financial derivatives on goods	0	0	0	**0**

Underlying assets/Residual life	Up to 1 year	Beyond 1 year and through 5 years	Beyond 5 years	Total
A.5 Other financial derivatives	0	0	0	**0**
Total at 31/12/2023	**69,865**	**0**	**0**	**69,865**
Total at 31/12/2022	**54,514**	**0**	**0**	**54,514**

1.3.2 Recognised hedges

Qualitative information

Within the Group, the only company that uses recognised hedges is the Parent Company Banca Cambiano 1884 S.p.A.. Banca Cambiano, on first application of the IFRS 9 accounting principle, exercised the option provided for within the principle, to continue to fully apply the rules of IAS 39 for all types of hedges. Therefore, the provisions of IFRS 9 are not applicable as regards hedges.

A. Hedging of fair value

The hedging implemented by the Bank is aimed at protecting the Bank portfolio from variations in the fair value of deposits and lending caused by changes in the interest rate curve (interest rate risk). At 31/12/2023, there are no current operations for hedging of fair value.

B. Hedging of cash flows.

The Bank has no current operations for hedging of cash flows.

C. Hedging of foreign investments

The Bank has no current operations for hedging of foreign investment.

D. Hedges

In order for a transaction to be recognised as a "hedge", it is necessary that the following conditions be satisfied: a) the hedge relationship must be formally documented; b) the hedge must be effective from the time it initiates and prospectively for its entire duration. Effectiveness is controlled by means of specific instruments and is considered to exist when variations of fair value of the hedged financial instrument almost entirely sterilise the variations of risk of the hedged instrument. A hedge is considered to be highly effective between a range of 80% through 125%. An effectiveness test is conducted at each close of the financial statements or at the time of any six-month interim financial statements. If the effectiveness test indicates an insufficient hedge and the misalignment is considered not to be temporary, the hedged instrument is allocated to the trading portfolio. Hedges are measured according to the principle of "negotiation date".
At 31/12/2023 there are no current hedging operations.

E. Hedged assets

At 31/12/2023 there are no current hedging operations.

E.1 Asset securities

At 31/12/2023 there are no current hedging operations.

Quantitative information

A. Hedge financial derivatives

D. Hedged instruments

1.3.3 Other information on trading and hedging derivative instruments

A. Financial and credit derivatives

A.1 OTC financial and credit derivatives: net fair value by counterparty

Contracts that are not a part of netting agreements	Central counterparties	Banks	Other financial companies	Other parties
A. Financial derivatives				
1) Debt securities and interest rates				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0

Contracts that are not a part of netting agreements	Central counterparties	Banks	Other financial companies	Other parties
2) Capital securities and equity indexes				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0
3) Currencies and gold				
- notional value	0	52,641	0	3,131
- net positive fair value	0	148	0	471
- net negative fair value	0	398	0	45
4) Goods				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0
5) Other				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0
B. Credit derivatives				
1) Purchase hedging				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0
2) Sale hedging				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0

1.4 Liquidity risk

Qualitative information

A. General information, management procedures and measurement methods for liquidity risk

Liquidity risk is managed by the individual companies in the Group, in compliance with the policy guidelines set forth in the Risk Appetite Framework, with the aim of verifying the capacity of the same companies to efficiently face liquidity requirements and avoid situations of excessive and/or insufficient liquidity, with the consequent need to invest and/or at unfavourable rates with respect to market rates. In line with domestic and international best practices and in compliance with vigilance provisions, the model adopted by the Bank to manage operating liquidity is based on the "Maturity Mismatch" approach, which presupposes the construction of a "maturity ladder" (a timeframe of maturity dates) and the allocation of sure and estimated flows over the various periods of the ladder, in order to calculate the cumulative gap for each maturity bracket. Therefore, as regards the management and measurement of this type of risk, please refer to the contents of Section 4 of part E of the explanatory notes to the financial statements of Banca Cambiano 1884 S.p.a. and in Section 3.4 of part D of the explanatory notes to the financial statements of Cambiano Leasing S.p.a.

In the meeting held on 28 February 2024, the Board of Directors of the Parent Company Bank approved the update to the Group Funding Plan for the 2024-2025 fiscal years.

For the 2024-2025 fiscal years, no extraordinary liquidity funding operations have been planned, with the exception, starting in the second semester of 2024, of recourse to ECB refinancing operations at 3 months, for € 300 million, secured by Abaco mortgage loans; the purpose of these operations is to guarantee adequate liquidity buffers that are also sufficient to cope with possible stress situations.

The other primary sources of liquidity provided for during the span of the plan are:

- In accordance with the Bank's investment policy based on the maturity of the TLTRO refinancing operations, a reduction of debt securities by maturity has been planned, involving essentially Italian government bonds, for overall € 425 million (approx. € 320 in 2024 and approx. € 105 in 2025), prevalently in the FVOCI accounting portfolios and at amortised cost;
- ongoing efficiency measures relative to the lending/direct deposits ratio.

As regards the TLTRO refinancing operations, the Plan hypothesises the advance redemption, in March, of the June tranche (€ 100 million) and of a part of the September tranche (€ 100 million of a total of 320 million); for the residual part of the September 2024 tranche (€ 220 million) and for the December 2024 tranche (€ 115 million), the Plan hypothesizes redemption at maturity, using the maturity dates of the government bonds in the Own (treasury) portfolio.

In the meeting held on 28 February 2024, the Board of Directors approved the update to the Contingency Funding Plan (REG 151).

Quantitative information

A.1 Time period distribution by residual contract life of financial assets and liabilities - All currencies

Line items/Time brackets	Demand	From over 1 day through 7 days	From over 7 days through 15 days	From over 15 days through 1 month	From over 1 month through 3 months	From over 3 months through 6 months	From over 6 months through 1 year	From over 1 year through 5 years 5	Over 5 years	Indefinite duration	Totals
Cash assets											
A.1 Government bonds	503	0	100,000	25,000	728	67,684	244,406	320,640	137,453	0	896,414
A.2 Other debt securities	0	0	728	12	155	3,458	2,088	27,945	3,918	0	38,304
A.3 Shares in mutual funds	25,722	0	0	0	0	0	0	0	0	0	25,722
A.4 Loans	0	0	0	0	0	0	0	0	0	0	0
- Banks	87	0	0	0	0	15,000	35,000	0	0	29,508	79,595
- Customers	284,024	7,715	10,534	47,974	145,704	140,617	274,084	1,001,877	1,168,355	70,169	3,151,052
Cash liabilities											
B.1 Deposits and bank accounts	0	0	0	0	0	0	0	0	0	0	0
- Banks	71,567	0	0	0	14,500	0	0	0	0	0	86,067
- Customers	2,790,520	1.179	1.068	4.042	10.160	18,638	45,443	358,582	81,632	0	3,311,265
B.2 Debt securities	15	0	0	0	22,868	16,653	31,631	43,177	58,061	0	172,406
B.3 Other liabilities	230,318	0	0	0	0	106,189	435,000	0	101,413	0	872,921
Off-balance sheet transactions											
C.1 Financial derivatives with an exchange of principal	0	0	0	0	0	0	0	0	0	0	0
- Long-term positions	0	225,395	10,074	29,726	24,280	1,736	0	0	0	0	291,211
- Short-term positions	0	228,620	10,218	29,593	24,321	1,734	0	0	0	0	294,486
C.2 Financial derivatives without an exchange of principal	0	0	0	0	0	0	0	0	0	0	0
- Long-term positions	0	0	0	0	0	6	0	0	0	0	6
- short-term positions	0	0	0	0	0	135	0	0	0	0	135
C.3 Deposits and loans to be received	0	0	0	0	0	0	0	0	0	0	0
- Long-term positions	0	0	0	0	0	0	0	0	0	0	0
- Short-term positions	0	0	0	0	0	0	0	0	0	0	0
C.4 Irrevocable commitments to disburse funds	0	0	0	0	0	0	0	0	0	0	0
- Long-term positions	561	7	121	8	287	553	1,683	3,360	26,052	0	32,632
- Short-term positions	32,632	0	0	0	0	0	0	0	0	0	32,632
C.5 Issued financial guarantees	480	56	0	1,734	1,908	1,098	3,079	19,981	18,473	0	46,810
C.6 Received financial guarantees	0	0	0	0	0	0	0	0	0	0	0
C.7 Credit derivatives with an exchange of principal	0	0	0	0	0	0	0	0	0	0	0
- Long-term positions	0	0	0	0	0	0	0	0	0	0	0
- Short-term positions	0	0	0	0	0	0	0	0	0	0	0
C.8 Credit derivatives without an exchange of principal	0	0	0	0	0	0	0	0	0	0	0
- Long-term positions	0	0	0	0	0	0	0	0	0	0	0
- Short-term positions	0	0	0	0	0	0	0	0	0	0	0

List of guarantees – Situation with Eurosystem at al 31/12/2023

Isin	Titolo	Nominal value	Book value	ECB assessment	ECB differences	Portfolio
0	COLLATERALISED RECEIVABLES C/O EUROSYSTEM	199,225	199,225	131,488	-67,736	HTC
0	COLLATERALISED RECEIVABLES C/O EUROSYSTEM	161,844	161,844	106,817	-55,027	HTC
0	COLLATERALISED RECEIVABLES C/O EUROSYSTEM	229,470	229,470	137,682	-91,788	HTC
IT0005315228	PONTORMO RMBS	109,113	109,113	92,006	-17,107	Off-balance sheet
IT0005391245	PONTORMO RMBS NOTES A2-19 SUB	136,622	136,622	115,202	-21,420	Off-balance sheet
	Total	**836,274**	**836,274**	**583,196**	**-253,079**	
	Refinancing from c/o Eurosystem - Lending	535,000		-549,300		
	Credit line			**33,895**		

List of deposits with Eurosystem at 31/12/2023

Amount	Description	Rate	Maturity
100,000	Deposit c/o ECB - TLTRO III 8th auction	4.00%	26/06/2024
320,000	Deposit c/o ECB - TLTRO III 9th auction	4.00%	25/09/2024
115,000	Deposit c/o ECB - TLTRO III 10th auction	4.00%	18/12/2024
535,000	Totals deposits c/o ECB	**4.00%**	

1.5 Operational risks

Qualitative information

General information, management procedures and measurement methods for operating risk

Operational risk is defined as the possibility of suffering losses deriving from the inadequacy or dysfunction of procedures, human resources and internal systems, or from external factors. This risk is inherent to banking activity and therefore may be generated by and exist in all company processes. In general, the main sources of operational risk derive from internal fraud, external fraud, employment relationships and on the job safety, professional obligations

towards customers, damage from external events, malfunctioning of information technology system and the execution, delivery and management of processes.
The Group has defined a series of organisational processes aimed at monitoring and management operational risks, with the aid of the following specific organisational functions:
- Internal Audit, whose activities are aimed, on the one hand, at controlling the regularity of operations and risks trends, and on the other at assessing the overall efficiency of the internal controls system;
- The Control Body, pursuant to Italian Legislative Decree 231/2001, whose composition and functions are defined in specific regulations, within the scope of the organisation, management and control model adopted;
- the Risk Management office, which fulfils the requirement of identifying and measuring the risks typical of the banking business through the constant monitoring of risks taken and of those potentially generated by investment, lending and service policies;
- the Compliance Office, with the role of monitoring and controlling observance of regulations, and providing support for prevention and management of the risk of incurring judicial or administrative sanctions and/or of incurring significant losses as a consequence of violation of external or internal regulations.

Furthermore, the following documents are prepared and constantly updated, to safeguard against the insurgence of operational risks:
- the “Operational Continuity Plan”, aimed at protecting the Bank from critical events that may harm operations;
- mapping of the main operating processes (credit, finance and teller), with the aim of levelling operator behaviour thereby facilitating the integration of controls.

Particular attention was focused on information technology risks, which are, by definition, included among operational risks, by setting forth regulations and processes for the identification, assessment and limitation of events originating from, or that could originate from, malfunctioning information technology procedures and/or electronic equipment, such as, for example, network crashes, unavailability of internet banking, and imprecise applications for branch operations.
Finally, within the scope of actions implemented in order to ensure full compliance with the new Bank of Italy regulations provided for in Circular 285, the Bank has undertaken important initiatives connected to completing transposition within organisational profiles and internal regulations of the references contained in Chapter IV – Corporate government, internal controls, management risks, Chapter 4 (information system) and 9 (going concern) of the aforementioned new regulations. Within this scope, the Group, acknowledging the importance of managing information technology risks as a tool to guaranty the efficacy and efficiency of measures aimed at safeguarding the Group’s own information technology systems, has defined, in accordance with the results of the project elaborated within the Cable network and in compliance with regulatory principles and provisions currently in force, a method for the analysis of information technology risks and the relative management process that hinges on the Group’s broader risk management system. In order to calculate capital requirements for operational risks, the Group has adopted the Basic Indicator Approach (BIA), which entails that capital hedging this type of risk is equal to 15% of the average of the “relevant indicator” over the previous three years, calculated in accordance with articles 315 and 316 of CRR regulations. Capital absorption for this type of risk at 31 December 2023 is € 19,588,517.

Quantitative information
The amount of losses actually verified during the past two fiscal years is set forth below, classified according to the categories provided by regulatory provisions. Their amount, consequent also to the risk assessments conducted on the specific type of risk in review, is not significant; in any event there is specific documentation regarding events that resulted in losses.

Types of events resulting in loss Categories of the even (Level 1)	Definition	2023	2022
1. Internal fraud	Losses due to unauthorised activities, fraud, embezzlement or violation of laws, regulations or company policy that involve at least one of the Bank’s internal resources.	0	0
2. External fraud	Losses due to fraud, embezzlement or the violation of laws by parties not employed by the Bank.	14,060	569,408
3. Employment and workplace safety	Losses deriving from acts that violate laws or agreements with respect to employment or workplace health or safety, from the payment of damages for personal injuries or episodes of discrimination or the failure to apply equal treatment.	0	0
4. Customers, products and professional practice	Losses deriving from breaches, either involuntary or due to negligence, relating to professional obligations to specific customers (including trust and suitability requirements), or from the nature or characteristics of the product.	1,352,763	3,138,640

Types of events resulting in loss Categories of the even (Level 1)	Definition	2023	2022
5. Damage to property, plants and equipment	Losses deriving from loss or damage to property, plants and equipment resulting from natural catastrophes or other events.	0	0
6. Interruptions of operations and system malfunctions	Losses due to interruptions of operations, to malfunctions or the unavailability of systems.	0	0
7. Performance, delivery and management procedures	Losses due to the failure to complete operations or manage procedures, as well as losses due to relations with commercial counterparties, sellers or suppliers.	148,592	69,538
TOTAL		**1,515,415**	**3,777,586**

ESG Risks

In this initial stage of approaching the assessment of ESG risks, greater attention was focused on climate risks, in line with the recommendations of supervisory authorities, in that such risks are those that, at this time, are in a less embryonic stage in terms of methodological approaches and analysis methods, as compared to social and governance risks. Therefore, we have separated climate risks from the map of ESG risks, subdivided into physical and transition risks, with respect to social and governance risks, which have a lesser importance and materiality.
To this end, starting in the 2023 fiscal year, quarterly assessments will be made regarding exposure to:

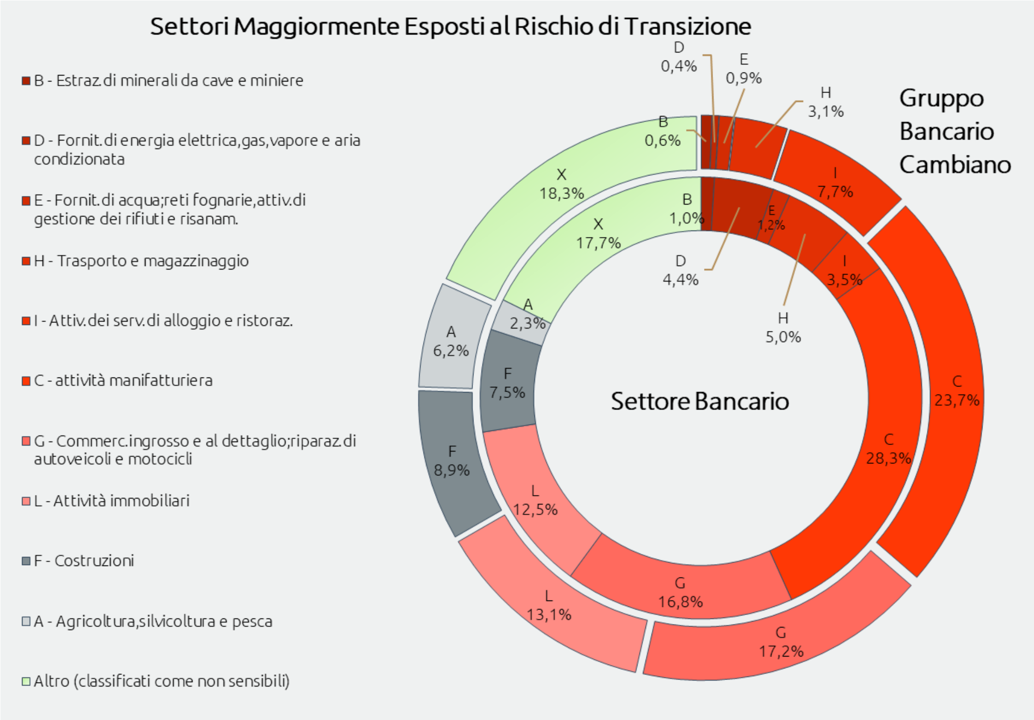
- Transition risk related to receivables from non-finance counterparties, evaluating the amount of lending to companies operating in sectors most exposed to this risk factor;
- Physical risk, aimed at estimating the impact and the degree of exposure to physical risks of real estate property securing credit exposures, and
- Only for Banca Cambiano, the physical risk of non-finance companies aimed at estimating the impact and the degree of exposure to physical risks of the real estate property in which the companies have their offices.

The estimation of the level of exposure of the credit portfolio to transition risk was carried out by comparing the sectorial composition of the Group's credit positions with corporate counterparties, to that of the Italian and European banking sector, focusing attention on those sectors considered as most exposed to this type of climate risk, so as to measure any Group over/underexposure, with respect to the rest of the banking system. In fact, transition risk, in this specific historical moment, is very connected to the probable impact on companies of European Union environmental policies aimed at reducing greenhouse gas emissions (GHG), to contain the effects of climate change. This type of impact easily lends itself to being analysed, in first approximation, at a sector level, in that companies operating in the same sector tend on average to have business models that are similar also in terms of emissions, and therefore of potential impact.
Therefore, the analysis was aimed at comparing the sectorial composition of the Group's "corporate" credit portfolio to that of the banking sector as a whole.
Below is the composition of lending across the economic sectors considered most exposed to transition risk. These sectors were identified based on information provided by the supervisory authority, specifically, the list of sectors for which the EBA has required banks to provide specific supplementary Pillar 3 information in relation to transition risk[6].
The data regarding Italian and European bank exposures have been extracted from the EBA database, updated to December 2022.

Cod. NACE	Settori Esposti al Rischio di Transizione	Europa	Italia	Gruppo Bancario Cambiano CRR
B	B - Estraz.di minerali da cave e miniere	1,3%	1,0%	0,6%
D	D - Fornit.di energia elettrica,gas,vapore e aria condizionata	5,3%	4,4%	0,4%
E	E - Fornit.di acqua;reti fognarie,attiv.di gestione dei rifiuti e risanam.	0,9%	1,2%	0,9%
H	H - Trasporto e magazzinaggio	5,6%	5,0%	3,1%
I	I - Attiv.dei serv.di alloggio e ristoraz.	2,6%	3,5%	7,7%
C	C - attività manifatturiera	15,8%	28,3%	23,7%
G	G - Commerc.ingrosso e al dettaglio;riparaz.di autoveicoli e motocicli	12,8%	16,8%	17,2%
L	L - Attività immobiliari	25,0%	12,5%	13,1%
F	F - Costruzioni	4,9%	7,5%	8,9%
A	A - Agricoltura,silvicoltura e pesca	3,7%	2,3%	6,2%
X	Altro (classificati come non sensibili)	22,0%	17,7%	18,3%
TOT	TOTALE	100,0%	100,0%	100,0%

[6] Cfr. EBA; Final draft implementing technical standards on prudential disclosures on ESG risks in accordance with Article 449a CRR; 24-1-2022.

Furthermore, the graph below shows the weight of the various more exposed sectors, scaling the greater/lesser level of exposure of each sector based on colour, the darker red tones indicating the most exposed sectors, and vice versa. The degree of relative exposure of the various sectors was extracted from the preliminary analyses carried out by the ECB, which show the level of exposure of the sectors most exposed to risk, essentially extrapolated from their level of GHG intensity (average ratio between greenhouse gas emissions and revenue)[7].



The analysis of the sectorial composition of Gruppo Cambiano lending shows a level of exposure to sectors most exposed to transition risk that is substantially in line with that of the banking sector as a whole; the only areas that show a slightly higher weight of exposure are those related to hospitality and food services, agriculture and real estate (this latter, however, is not among those sectors most exposed to this risk factor). The Group has a low risk exposure, as compared to European and Italian system values, in the mining and energy sectors (letters B and D), that are sectors extremely subject to the dynamics of transition risk, due to their characteristics.

In terms of physical risks, landslide, water and earthquake risks were analysed, both in terms of the NFC portfolio (based on the municipality in which the company has its registered offices), and in terms of real estate property securing credit exposures. As regards landslide and water risks, reference was made to the contents of the ISPRA (national environmental protection agency) Environmental Report n. n. 356/2021 – “Hydrogeological instability in Italy: hazard level and risk indicators” in which, regarding the risk of landslides, municipal territorial areas are divided according to 5 hazard classes (AA – warning area; P1 –moderate hazard; P2 – medium hazard; P3 – high hazard; P4 – extremely high hazard); while in terms of water risk, the municipal territorial area is subdivided according to 3 hazard classes (HPH – high hazard; MPH – medium hazard; LPH – low hazard).

As regards earthquake risk, reference was instead made to the contents of the “Earthquake classification 04/2023” document, written and published by the Civil Protection Department, in which municipalities are subdivided according to 4 hazard classes (1 – extremely high hazard; 2 – high hazard; 3 – medium hazard; 4 – low hazard), to which we have attributed a percent of growing risk, from 0% for municipalities in low hazard areas, to 100% for municipalities in extremely high hazard areas.

The outcomes of the assessment on Bank exposures at 31/12/2023 are summarised in the tables that follow:

[7] Cfr. ECB; Occasional Paper Series ECB economy-wide climate stress test; N. 281; September 2021.

Banca Cambiano physical risk credit to non-finance companies:

Ateco	Esposizione	% su totale esposizione	n. NDG	% su totale NDG	Indicatore sintetico rischio fisico	di cui FRANA	di cui IDRICO	di cui SISMICO
A - AGRICOLTURA, SILVICOLTURA E PESCA	125.026.735,18	6,26%	482	4,74%	47,75%	67,98%	37,45%	37,83%
B - ESTRAZIONE DI MINERALI DA CAVE E MINIERE	12.454.886,59	0,62%	7	0,07%	47,18%	56,13%	52,07%	33,33%
C - ATTIVITÀ MANIFATTURIERE	411.255.730,52	20,59%	1.727	16,98%	50,91%	66,28%	50,05%	36,38%
D - FORNITURA DI ENERGIA ELETTRICA, GAS, VAPORE E ARIA CONDIZIONATA	5.894.187,32	0,30%	18	0,18%	53,78%	50,50%	75,65%	35,19%
E - FORNITURA DI ACQUA; RETI FOGNARIE, ATTIVITÀ DI GESTIONE DEI RIFIUTI E RISANAMENTO	12.041.178,22	0,60%	34	0,33%	52,82%	58,04%	63,15%	37,25%
F - COSTRUZIONI	146.816.260,58	7,35%	1.101	10,82%	50,83%	63,35%	53,99%	35,15%
G - COMMERCIO ALL'INGROSSO E AL DETTAGLIO; RIPARAZIONE DI AUTOVEICOLI E MOTOCICLI	274.844.082,80	13,76%	2.204	21,67%	51,22%	61,01%	56,73%	35,92%
H - TRASPORTO E MAGAZZINAGGIO	43.218.525,97	2,16%	293	2,88%	50,57%	57,33%	58,65%	35,74%
I - ATTIVITÀ DEI SERVIZI DI ALLOGGIO E DI RISTORAZIONE	130.054.814,23	6,51%	1.173	11,53%	50,44%	59,25%	56,15%	35,92%
J - SERVIZI DI INFORMAZIONE E COMUNICAZIONE	16.376.278,25	0,82%	212	2,08%	52,44%	54,70%	67,71%	34,91%
K - ATTIVITÀ FINANZIARIE E ASSICURATIVE	293.121.406,03	14,67%	97	0,95%	47,14%	43,15%	61,15%	37,11%
L - ATTIVITÀ IMMOBILIARI	239.117.321,50	11,97%	664	6,53%	51,25%	54,83%	62,12%	36,80%
M - ATTIVITÀ PROFESSIONALI, SCIENTIFICHE E TECNICHE	143.787.246,35	7,20%	970	9,54%	51,08%	54,56%	63,13%	35,57%
N - NOLEGGIO, AGENZIE DI VIAGGIO, SERVIZI DI SUPPORTO ALLE IMPRESE	36.632.714,18	1,83%	255	2,51%	49,70%	54,50%	57,49%	37,12%
O - AMMINISTRAZIONE PUBBLICA E DIFESA; ASSICURAZIONE SOCIALE OBBLIGATORIA	917.975,35	0,05%	6	0,06%	56,48%	63,70%	61,28%	44,44%
P - ISTRUZIONE	5.889.072,22	0,29%	50	0,49%	51,63%	52,72%	65,50%	36,67%
Q - SANITÀ E ASSISTENZA SOCIALE	48.179.177,46	2,41%	213	2,09%	50,54%	56,24%	57,36%	38,03%
R - ATTIVITÀ ARTISTICHE, SPORTIVE, DI INTRATTENIMENTO E DIVERTIMENTO	18.182.729,99	0,91%	166	1,63%	51,73%	56,54%	63,71%	34,94%
S - ALTRE ATTIVITÀ DI SERVIZI	33.869.273,81	1,70%	499	4,91%	51,74%	62,11%	57,30%	35,80%
Totale complessivo	**1.997.679.596,55**	**100,00%**	**10.171**	**100,00%**	**50,82%**	**60,51%**	**55,88%**	**36,08%**

Physical risk of real estate property securing credit exposures

Banca Cambiano

Livello di rischio	Esposizione	% su totale esposizione	Numero NDG	% su totale NDG	Indicatore sintetico rischio fisico
Trascurabile	4.420.939,76	0,30%	27,00	0,23%	3,75%
Basso	74.879.357,60	5,06%	497,00	4,20%	22,11%
Medio	1.330.720.034,40	89,89%	10.510,00	88,77%	50,69%
Alto	70.323.073,31	4,75%	805,00	6,80%	61,21%
Totale complessivo	**1.480.343.405,07**	**100,00%**	**11.839,00**	**100,00%**	**50,07%**

Cambiano Leasing

Livello di rischio	Esposizione	% su totale esposizione	Numero NDG	% su NDG	Indicatore sistemico rischio fisico
Basso	42.691.398,75	35,90%	168,00	37,09%	27,44%
Medio	74.739.294,58	62,86%	279,00	61,59%	36,22%
Trascurabile	1.475.464,76	1,24%	6,00	1,32%	4,34%
Totale complessivo	118.906.158,09	100,00%	453,00	100,00%	32,63%

References for information to the public

Notes: please note that the Information to the Public (Basel Pillar III) is published on the internet site of the Parent Company, at the following address: https://www.bancacambiano.it/banca/informativa-al-pubblico/

PART F – Information on consolidated capital

Section 1- Consolidated capital

A. Qualitative information

The Board of Directors is responsible for managing corporate equity and defining the optimal volume of share capital based on corporate policies and strategic choices. In accordance with the strategic guidelines for development, the Group adopts all the measures necessary to ensure current and prospective capital adequacy, in consideration of current Bank of Italy regulations, the new Basel 3 regulatory framework, on the basis of which own funds are defined, and the targets required by the Supervisory Authority. As of 2019, the Group has a Capital Management Plan, that is systematically monitored by the Risk Management office, that monitors current and prospective capital adequacy at all levels of consolidation. Compliance with supervisory requirements is verified on at least a quarterly basis, and additional, specific assessments may be carried out as needed, for preventive evaluation of capital adequacy in view of extraordinary transactions.

The minimum external capital requirements that the Group uses as reference are composed of the minimum parameters set out in article 92 of the CRR, the decisions regarding capital issued by Bank of Italy on conclusion of the SREP prudential assessment process, and the combined capital reserve requirement (capital conservation requirement -CCoB- and anti-cyclical capital reserve -CCyB-) requirement that is currently applicable.
In consideration of the above, and of the fact that the CCyB is set at 0%, Banca Cambiano is required to comply with the following requirements:

- Cet1 ratio equal to 8.00%: composed of the Total SREP Capital Requirement binding measures for 5.50% (of which 4.5% pursuant to art. 92 CRR) and by the Capital Conservation Reserve for 2.5%;
- Tier 1 ratio equal to 9.90%: composed of the Total SREP Capital Requirement binding measures for 7.40% (of which 6% pursuant to art. 92 CRR) and by the Capital Conservation Reserve for 2.5%;
- Total Capital ratio equal to 12.30%: composed of the Total SREP Capital Requirement binding measures for 9.80% (of which l' 8% a norma art. 92 CRR) and by the Capital Conservation Reserve for 2.5%.

To ensure that the above binding measures are met even in the event of deterioration of the economic and financial context, the Target component (Pillar 2 Guidance, P2G) identified in the event of a greater risk in stress conditions amounts to 1.25%.

The value of own funds, that at 31/12/2023 amounts to 12.612% of CET1, to 14.820% of Tier1 and to 18.395% of Total Capital, is fully compliant on all three levels of binding capital and the capital conservation reserve is hedged by Tier 1 capital.

The reported values are calculated using the so-called transitory regime, in reference to:

- (EU) Regulation2020/873 (so-called "Quick fix"): in 2020 the Bank opted to extend the transitory period (art. 473 bis CRR), reformulating the intervention on allocations for expected losses on loans recognised starting 01/01/2020, in response to the Covid-1 emergency, and starting 31/03/2021, applied the prudential filters (so-called 'new dynamic approach'). At 31/12/2023 the Cet1 add-back component was equal to 50% of the difference in the increase of allocations for expected losses, net of taxes on loans in stage 1 and stage 2, as compared to the allocations referred to the same stages present at 01.01.2020, for an overall amount of 1.7 million.
- - RWA: risk weighted assets increased, in connection to the reduction of the admissible amount of overall value adjustments on exposures falling within the perimeter of application of impairment regulations (static approach and new dynamic approach perimeter), to the extent of 100% of the amount itself. The Bank, therefore, chose to use said calculation (pursuant to art. 473 bis, par. 7 bis) in place of the "graduation factor", the calculation method of which is specified in art. 473 bis, par. 7 letter b).
- (EU) Delegated Regulation 2020/2176: from the 4th quarter of 2022, the Bank has applied the deduction of assets in the form of software from CET1 elements, through the calculation of prudential depreciation calculated over 3 years, regardless of the estimated service life for accounting purposes. At the date of closing of the financial statements, the minor deducted amount is equal to 1.08 million

The value of so-called "fully loaded" own funds, at 31/12/2023, calculated without considering the transitory regime in effect until 2025, related to RWA calculated without the increase associated to the reduction in value of the aforementioned regime, generates the following capital ratios: 12.527% of CET1, 14.737% of Tier1 and 18.316% of Total Capital.

Current and prospective capital adequacy management is executed not only by assessing and monitoring regulatory capital against Pillar I risks, but also by assessing internal capital capable of guarding against any type or risk (so-called Pillar II risks) within the scope of the ICAAP -Internal Capital Adequacy Assessment Process that culminates in the preparation of the annual group-level report and that constitutes the basis for the subsequent review and prudential assessment (SREP) by the Supervisory Authority.

B. Quantitative information

Further qualitative and quantitative information relating to corporate assets, in addition to that provided in the tables that follow, can be found in Part B section 14 of liabilities and in the respective chapter of the Report on Management.

B.1 Consolidated book value of shareholders' equity: breakdown by type of company

Line items\Values	Prudential consolidation	Insurance companies	Other companies	Elisions and adjustments from consolidation	Total
1. Share capital	276,300	0	0	-23,000	253,300
2. Premiums on issue of shares	803	0	0	0	803
3. Reserves	-25,964	0	0	-9,239	-35,204
- from gains	-25,964	0	0	-9,239	-35,204
a) legal	4,876	0	0	-1,588	3,289
b) statutory	4,346	0	0	-3,290	1,056
c) treasury shares	0	0	0	0	0
d) other	-35,187	0	0	-4,362	-39,549
- Other	0	0	0	0	0
4. Capital instruments	40,000	0	0	0	40,000
5. (Treasury shares)	0	0	0	0	0
6. Valuation reserves	-7,783	0	0	0	-7,783
-Capital securities measured at fair value with impact on total profits	-428	0	0	0	-428
- Hedges on capital securities measured at fair value with impact on total profits	0	0	0	0	0
- Financial assets (other than capital securities) measured at fair value with impact on total profits	-7,754	0	0	0	-7,754
- Property, plants and equipment	0	0	0	0	0
- Intangible assets	0	0	0	0	0
- Hedging of foreign investments	0	0	0	0	0
- Hedging of cash flows	0	0	0	0	0
- Exchange rate differences	0	0	0	0	0
- Non-current assets in the course of divestment	0	0	0	0	0
- Financial liabilities measured at fair value with impact on profit and loss (variations of own creditworthiness)	0	0	0	0	0
- Actuarial profit (loss) relative to defined benefit pension plans	-756	0	0	0	-756
- Share of valuation reserves relative to subsidiaries measured at shareholders' equity	1,155	0	0	0	1,155
- Special revaluation laws	0	0	0	0	0
7. Profit (loss) for the fiscal period	23,310	0	0	-68	23,241
Total	**306,666**	**0**	**0**	**-32,308**	**274,358**

B.2 Valuation reserves of financial assets measured at fair value with impact on total profits: breakdown

Assets/values	Prudential consolidation		Insurance companies		Other companies		Elisions and adjustments from consolidation		Total	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	0	7,754	0	0	0	0	0	0	0	7,754
2. Capital securities	28	455	0	0	0	0	0	0	28	455
3. Loans	0	0	0	0	0	0	0	0	0	0
Total at 31/12/2023	**28**	**8,209**	**0**	**0**	**0**	**0**	**0**	**0**	**28**	**8,209**
Total at 31/12/2022	**63**	**20,827**	**0**	**0**	**0**	**0**	**0**	**0**	**63**	**20,827**

B.3 Valuation reserves of financial assets measured at fair value with impact on total profits: annual variations

Line items	Debt securities	Capital securities	Loans
1. Initial value	**-20,429**	**-336**	**0**
2. Additions	**13,639**	**143**	**0**
2.1 Increases of fair value	12,137	143	0

Line items	Debt securities	Capital securities	Loans
2.2 Value adjustments due to impairment	0	0	0
2.3 Reversal to the income statement of negative reserves on disposal	1,503	0	0
2.4 Transfers to other components of shareholders' equity(capital securities)	0	0	0
2.5 Variations of value	0	0	0
3. Reductions	**964**	**235**	**0**
3.1 Decreases of fair value	784	235	0
3.2 Write-backs of value due to impairment	0	0	0
3.3 Reversal to the income statement from positive reserves: on disposal	180		0
3.4 Transfers to other components of shareholders' equity (capital securities)	0	0	0
3.5 Variations of value	0	0	0
4. Final values	**-7,754**	**-428**	**0**

Section 2 – Own funds and capital adequacy ratios

As provided for by the 7th Update of Circular 262 "Banking financial statements: schedules and rules for preparation", for additional information, please consult the contents of the public disclosure information (Third Tier) provided at a consolidated Gruppo Bancario Cambiano level.

PART G – Merger transactions regarding businesses or branches of business

Section 1 - Transactions during the fiscal year

As specified in the report on management of the Parent Company, with notary deed undersigned on 30/05/2023, the transfer of the branch of business "BCC For Web" by Banca di Pisa e Fornacette – Credito Cooperativo ScpA in favour of Banca Cambiano 1884 Spa was stipulated, effective as of 1 June 2023, with the actual transfer of the branch on 2 June 2023. Below are the principal conditions contained in the aforementioned notary deed of transfer:

a) The overall price of the branch of business was set at € 100 thousand, all inclusive;
b) Branch of Business is intended as meaning: (i) the whole of customer relations identified in the on-line branch of Banca di Pisa, composed of both bank account contracts and term deposits, securities portfolios (including all data and documents related thereto, in conformity with vigilance and privacy regulations), all outlined in detail in the specific annex to the Deed of Transfer; (ii) two employee work contracts related to the personnel assigned to this activity; and (iii) the contracts underwritten with IDSign Srl and Infocert Spa, already terminated within the terms set forth by the respective contracts and/or extended up to 30 June 2023, as last date of effectiveness;
c) The price is functional for transfer with balanced accounts, without transfer of shareholders' equity, and is therefore also an expression of the goodwill of the branch, and will remain unvaried regardless of variations to the volumes at the date of effectiveness of the transfer;
d) The entire price will be paid over on stipulation of the Deed of Transfer;
e) The relationships identified in the branch were migrated on 2 June 2023.

The recognition of the assets acquired and liabilities assumed from the purchased entity (BCC for web) at the inferable fair value at the date of acquisition, in application of the IFRS3 accounting principle, was executed on 2 June 2023.

Accounting of the business combination transaction according to the method of acquisition provided for by IFRS 3
The IFRS 3 international accounting principle, used for the "BCC for Web" business branch acquisition transaction, requires that an entity must book every company merger by applying the acquisition method. The principle allows for a temporary allocation, for 12 months from the acquisition, which the Group applied. Based on this method, at the date of acquisition, the acquirer must:

- Identify the acquirer and the date of acquisition;
- determine the cost of the acquisition;
- allocate the cost of the acquisition (so-called "Purchase Price Allocation", hereinafter "PPA") by recognising the identifiable assets acquired, liabilities assumed, and the potential liabilities of the purchased company, at the relative fair values at the date of acquisition, with the exception of non-current assets (or groups of assets in the course of divestment) classified as held for sale, in accordance with the provisions of IFRS 5. Furthermore, any intangible assets, even if not yet recognised by the purchased business, must also be recognised. Any cost surplus of the business combination, not allocated to the items of assets acquired and liabilities assumed must be recognised as goodwill; to the contrary, any negative differences deriving from the accounting of the business combination at favourable prices must be recognised in the income statement as negative goodwill.

Identification of the acquirer and of the acquisition date and determination of the cost of acquisition
As regards the transaction in question, the acquirer is represented by Banca Cambiano 1884 S.p.A. as acquiring company; as provided for by the contract, the assets acquired and liabilities assumed of the purchased entity (BCC for Web), including any intangible assets, are recognised and measured at the relative fair values at the date of acquisition, in application of the IFRS3 accounting principle, as at 2 June 2023.

The fair value of assets acquired and liabilities assumed
Paragraph 18 of IFRS 3 requires that the acquiring company (Banca Cambiano) recognise the assets acquired and liabilities assumed of the acquired company (BCC for Web), including any intangible assets, at the acquisition-date fair value.
To this end, an independent expert was tasked with providing the Board of Directors of Banca di Cambiano 1884 S.p.A. reference and support information regarding recognition pursuant to the provisions of IFRS 3 as regards the assets and liabilities of BCC for Web.

The reference values at the date of acquisition were identified by the contract based on the accounts on the disposal date prepared with reference to the date of 29 May 2023; said values were then taken based on the inventories produced at the date of effectiveness of the transfer (2 June 2023). The same values were included in the definitive accounting situation underwritten by the acquirer and the transferor, as provided for by the contract itself (with exchange of correspondence by registered electronic mail within the term of 60 days from the date of effectiveness).

Detailed information of the net value of acquired assets and assumed liabilities, as previously determined, is provided in the table below. The table also shows the differences that emerged at the date of acquisition within the scope of the PPA process, between the accounting values of the acquired elements and the relative fair value indicated by the tasked entity:

	Asset line items	Value at 02/06/2023	Fair value attributed during the acquisition stage	Difference
10.	Cash and cash equivalents	174,353,566	174,353,566	0
40.	Financial assets measured at amortised cost	152,091	152,091	0
	a) receivables from banks	151,698	151,698	0
	b) receivables from customers	393	393	0
90.	Intangible assets	100,000	1,391,482	1,291,482
	of which:			
	- goodwill		0	0
120.	Other assets	222,105	222,105	0
	Total assets	**174,827,762**	**176,119,244**	**1,291,482**

	Liabilities and shareholders’ equity line items	Value at 02/06/2023	Fair value attributed during the acquisition stage	Difference
10.	Financial liabilities measured at amortised cost	174,827,595	174,827,595	0
	a) payable to banks	0	0	0
	b) payable to customers	174,827,595	174,827,595	0
	c) outstanding securities	0	0	0
90.	Employee severance pay	167	167	0
	Total liabilities and shareholders’ equity	**174,827,762**	**174,827,762**	**0**
	Net value of assets acquired and liabilities assumed	**0**	**1,291,482**	**1,291,482**

The acquired elements also include indirect deposits for overall € 113 million, as shown in the table below.

Indirect deposits	Value at 02/06/2023
Indirect deposits – Administrated	99,810,629
Indirect deposits – Managed	13,413,977
Indirect deposits – TOTAL	**113,224,606**

Following the measurement of fair value, the net value of the assets acquired and liabilities assumed changes to € 1.391 million, which, less the consideration of € 100 thousand paid, gives rise to intangible assets in the amount of € 1.291 million recognised as an offset to badwill allocated at Line item 220 “Other operating income” as shown in the table below. Based on the results of the estimations by the independent expert, the useful life of intangible assets was calculated as being three fiscal years.

DATA AT 31/12/2023 resulting from the PPA process	
Determination of Badwill/Goodwill:	**Final data**
Price paid	-100,000
"Temporary" value of assets acquired and liabilities assumed for the BCC for Web business branch at 05/06/2023 (prior to determination of Fair value)	0
Value attributed at 31/12/2023 resulting from the PPA	1,391,482
Badwill	**1,291,482**

Section 2 - Transactions after the close of the fiscal year

No company merger transactions were executed after the close of the fiscal year.

Section 3 - Retroactive adjustments

There were no retroactive adjustments during the current fiscal year relative to company mergers that were executed in previous fiscal years.

PART H – Transactions with related parties

Introduction

At 31 December 2023, the Bank is Parent Company of the Gruppo Bancario Cambiano composed of:

- Cambiano Leasing S.p.a.
- Società Immobiliare 1884 S.r.l.

Therefore, the types of related parties, as defined by IAS 24, that are significant to the Bank, include:
• the controlling company;
• the subsidiaries;
• executives having strategic responsibilities;
• close relations of executives having strategic responsibilities or companies controlled by (or associated to) the same or by (to) close relatives.

The information regarding compensation for executives having strategic responsibilities and that regarding transactions with related parties are provided here following.

1. Information on compensation for executives having strategic responsibilities

The definition of executives having strategic responsibilities, according to IAS 24, includes those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Bank directors.
In conformity with the provisions of Bank of Italy Circular n. 262 of 22 December 2005 (8th update of 17 November 2022) the members of the Board of Statutory Auditors are also included among executives having strategic responsibilities.
The table below shows the compensation in 2020, for directors, statutory auditors and executives having strategic responsibilities:

Line items	31/12/2023	31/12/2022	Var.	% Var.
a) Compensation for directors	636	458	178	38.84%
b) Compensation for statutory auditors	344	309	35	11.40%
c) Compensation for executives	1,423	1,419	3	0.25%
Total	**2,403**	**2,186**	**217**	**9.91%**

2. Information on transactions with related parties

Administrators	31/12/2023	31/12/2022	Var.	% Var.
a) Receivables	8,075	11,096	-3,021	-27.23%
b) Issued guaranteed	45	1,500	-1,455	-96.99%
Total	**8,121**	**12,596**	**-4,476**	**-35.53%**

Statutory Auditors	31/12/2023	31/12/2022	Var.	% Var.
a) Receivables	0	76	-76	-100.00%
b) Issued guaranteed	0	0	0	
Total	**0**	**76**	**-76**	**-100.00%**

As regards transactions with parties that carry out Group administration, management and control functions, article 136 of Italian legislative decree n. 385/1993 and article 2391 of the Italian Civil Code apply.
More in general, as regards transactions with related parties, as defined by IAS 24, the provisions for prudential supervision contained in Title V, chapter 5 of the Bank of Italy Circular n. 263/2006 ("Risk activities and conflicts of interest with related parties"), also apply, save for a few cases due to the imperfect coincidence between the fields of application of the two regulations.
Transactions with related parties are regularly carried out at market conditions and always on the basis of evaluations of economic convenience and in compliance with current regulations, appropriately explanation of the convenience in concluding the transaction.
Among the various valid intergroup contracts existing at the close of the fiscal year, please Notes:

1) The convention stipulated between the Bank and the Controlling company relating to the execution by the Bank of administration and supervisory activities;
2) Contracts relative to execution by the Parent Company of Anti-Money Laundering, inquiry and risk management activities for subsidiaries;
3) Financing contracts:

a) Financing for cash flow flexibility related to the financial needs of the parent company amounting to 20 million euro, granted in the technical form of opening credit in bank accounts, at a 1% rate;
b) Financing for cash flow flexibility related to the financial needs of Cambiano Leasing amounting to € 293 million, granted in the technical form of opening credit in bank accounts, at an Euribor 3m + 1.30% rate;
c) Financing for cash flow flexibility related to the financial needs of Immobiliare 1884 srl amounting to € 17.7 million, granted in the technical form of opening a credit in bank accounts at a 2% rate, and an unsecured loan of € 738 thousand, at a 6% rate.

PART M – Information on leases

This section provides information required by IFRS16 that is not present in other parts of the financial statements, divided between lessee and lessor.

Section 1- Lessee

Qualitative information

The Gruppo Bancario Cambiano substantially has property leasing contracts and lease contracts related to automobiles. The property leasing contracts include, for the most part, real estate destined for use as offices, bank branches or ATM machine stations. The contracts in question generally have durations that are longer than 12 months and typically include renewal and termination options that may be exercised both by the lessor and by the lessee, in accordance with provisions of law, or specific contract terms. These contracts do not usually include the option for purchase at the end of the lease, nor significant reinstatement costs for the company. Based on the characteristics of the lease agreements, in the event of undersigning of the new rental contract with a defined contract term (6 or 4 years) and the option to tacitly renew the contract, the overall duration of the lease is set at a term equivalent to the periods in question (6+6 or 4+4). This general policy is superseded if there are new elements or specific circumstances within the contract.

Vehicle lease contracts refer to long-term rentals of company cars. These contracts have a three-year duration, with monthly payments, without the option for renewal and do not include the option to purchase the vehicle. An indemnity payment may be required in the event of early termination.

As already specified in the accounting policies, the Gruppo benefits from the exemptions permitted by the IFRS 16 accounting principle for short-term lease (that is, with a duration that is less than or equal to 12 months) or leases for goods with a modest value (that is, a value less than or equal to 5,000 euro).

Quantitative information

Part B – Assets of the explanatory notes provides the information regarding, respectively, rights of use purchased through leases (Table 9.1 – Property, plants and equipment with a functional use: breakdown of assets measured at cost and Table 9.6 bis - Property, plants and equipment with a functional use – Right of use purchased through leases: annual variations) and Part B – Liabilities provides information regarding liabilities for leases (Table 1.2 - Financial liabilities valued at amortised cost: breakdown by type of payables to customers and Table 1.6 – Financial liabilities valued at amortised cost: liabilities for leases). Specifically, the rights of use purchased through leases amount to 9,535 thousand, of which 9,459 thousand relating to property leases. Liabilities for leases amount to 10,104 thousand euro. Please refer to the above-mentioned sections for greater details.

Part C of the explanatory notes provides information regarding interest expenses on liabilities for leases and other expenses connected to rights of use purchased through leases. Please refer to the specific section for greater details.

Section 2- Lessor

Qualitative information

The banking group carries out lease transactions in the role of lessor principally through the company Cambiano Leasing, S.p.A. controlled by Banca Cambiano 1884 S.p.A.

Transactions mostly refer to financial leases on real estate, industrial and commercial property. The company is also present on the market with lease products referring to instrumental goods and vehicles.

The explanatory notes provide information regarding loans for leases (Part B, Assets - Table 4.2 – Financial assets measured at amortised cost: breakdown by type of receivables from customers). Please refer to the aforementioned section for greater details.

Part C of the explanatory notes provides information regarding earned interest on loans for leases and other financial and operating leases. Please refer to the specific sections for greater details.

2. Financial leases

2.1 Classification by time brackets of payments to be received and reconciliation with liabilities for leases booked in among assets

The table provides the breakdown of payments to be received by time period, the financial profits inherent to the payments due and the reconciliation between payments to be received and liabilities for leases, in conformity with the requirements of IFRS16.

The data shown in the table include payments relating to in bonis or non-performing lease contracts, excluding values relating to assets being prepared for leasing and assets to be leased.

Specifically, please note that payments to be received for leases are the sum of all payments requested or that can be requested of the lessee for the duration of the lease, excluding contingent rent fees.

The secured residual value corresponds to the redemption cost inherent in the minimum lease payments for which it is reasonably certain that the right of option will be exercised.
Gross investments means the sum of minimum payments due and any unsecured residual value, due to the lessor.

Time brackets	31/12/2023	31/12/2022
	Payments due for leases	Payments due for leases
Up to 1 year	79,503	70,047
From over 1 year to 2 years	66,327	56,504
From over 2 years to 3 years	56,421	49,951
From over 3 years to 4 years	41,266	40,020
From over 4 years to 5 years	26,394	24,742
Over 5 years	73,446	80,375
All payments due for leases	**343,357**	**321,639**
RECONCILIATION WITH LIABILITIES		
Financial profits not accrued (-)	41,301	34,848
Residual value not secured (+)	0	0
Financial leases	**302,057**	**286,791**

Time brackets	Total 2023			Total 2022		
	Payments due for leases		Total Payments due for leases	Payments due for leases		Total Payments due for leases
	Impaired positions	In bonis positions		Impaired positions	In bonis positions	
Up to 1 year	11,018	68,485	79,503	10,964	59,084	70,047
From over 1 year to 2 years	2,690	63,637	66,327	990	55,514	56,504
From over 2 years to 3 years	2,050	54,371	56,421	1,048	48,903	49,951
From over 3 years to 4 years	1,677	39,589	41,266	766	39,254	40,020
From over 4 years to 5 years	1,196	25,198	26,394	663	24,079	24,742
Over 5 years	6,046	67,400	73,446	4,940	75,435	80,375
All payments due for leases	**24,677**	**318,680**	**343,357**	**19,370**	**302,268**	**321,639**
RECONCILIATION						
Financial profits not accrued (-)	2,445	38,855	41,301	1349.102	33498.916	34,848
Residual value not secured (+)						
Financial leases	**22,232**	**279,825**	**302,057**	**18,021**	**268,769**	**286,791**

2.2 Other information

2.2.1 Classification of financial leases by quality and by type of leased asset

	In bonis positions		Impaired positions	
	Total (2023)	Total (2022)	Total (2023)	Total (2022)
A. Property:	**104,260**	**111,528**	**15,074**	**15,283**
- Land				
- Buildings	104,260	111,528	15,074	15,283
B. Capital goods	**97,751**	**91,066**	**3,912**	**1,767**
C. Moveable property	**77,814**	**66,176**	**3,246**	**972**
- Motor vehicles	69,856	59,777	3,196	972
- Aircraft naval and rolling stock	7,958	6,399	50	0
- Other				
D. Intangible assets:				
- Brands				
- Software				
- Other				
Total	**279,825**	**268,769**	**22,232**	**18,021**

3. Operating leases

3.1 Classification of payments due by time brackets

Time brackets	31/12/2023	31/12/2022
	Payments due for leases	Payments due for leases
Up to 1 year	0	0
From over 1 year to 2 years	0	0
From over 2 years to 3 years	0	0
From over 3 years to 4 years	0	0
From over 4 years to 5 years	0	0
Over 5 years	0	0
Financial leases	**0**	**0**

REPORT OF THE INDEPENDENT AUDITOR

Deloitte.

Deloitte & Touche S.p.A.
Via Pier Capponi, 24
50132 Firenze
Italia

Tel: +39 055 2671011
Fax: +39 055 282147
www.deloitte.it

RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 14 DEL D. LGS. 27 GENNAIO 2010, N. 39 E DELL'ART. 10 DEL REGOLAMENTO (UE) N. 537/2014

Agli Azionisti della
Banca Cambiano 1884 S.p.A.

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO CONSOLIDATO

Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato del Gruppo Bancario Cambiano (il "Gruppo"), costituito dallo stato patrimoniale al 31 dicembre 2023, dal conto economico, dal prospetto della redditività complessiva, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa che include le informazioni rilevanti sui principi contabili applicati.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo al 31 dicembre 2023, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 43 del D.Lgs. n. 136/15.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio consolidato* della presente relazione. Siamo indipendenti rispetto alla Banca Cambiano 1884 S.p.A. (la "Banca") in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio consolidato nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Classificazione e valutazione dei crediti verso la clientela valutati al costo ammortizzato deteriorati classificati a sofferenza e inadempienza probabile

Descrizione dell'aspetto chiave della revisione	Come riportato nel paragrafo "Qualità del credito" della relazione sulla gestione e nelle informazioni di natura quantitativa della "Sezione 1 – Rischio di credito" della Parte E – Informazioni sui rischi e sulle relative politiche di copertura della nota integrativa al 31 dicembre 2023, i crediti verso clientela valutati al costo ammortizzato deteriorati del Gruppo ammontano ad un valore lordo pari ad Euro 262,9 milioni, a cui sono associate rettifiche di valore specifiche pari ad Euro 96,7 milioni con un conseguente valore netto pari ad Euro 166,2 milioni. La relazione sulla gestione evidenzia inoltre che il grado di copertura (c.d. "coverage ratio") dei crediti verso clientela valutati al costo ammortizzato deteriorati al 31 dicembre 2023 è pari al 36,8%. In particolare, i suddetti crediti deteriorati, classificati secondo quanto previsto dal principio contabile internazionale IFRS 9 "Strumenti finanziari" nel c.d. "terzo stadio", includono sofferenze per un valore netto pari ad Euro 54,4 milioni, con un coverage ratio pari al 47,5% ed inadempienze probabili per un valore netto pari ad Euro 92,5 milioni, con un coverage ratio pari al 33,18%. Per la classificazione delle esposizioni creditizie per classi di rischio omogenee, il Gruppo fa riferimento alla normativa di settore e alle disposizioni interne che disciplinano le regole di classificazione e trasferimento nell'ambito delle diverse categorie di rischio. Nella determinazione del valore recuperabile dei crediti verso la clientela valutati al costo ammortizzato deteriorati, il Gruppo, nell'ambito delle proprie politiche di classificazione e valutazione, ha fatto ricorso a processi e modalità di valutazione caratterizzati da elementi di soggettività e di stima di talune variabili, quali, principalmente, i flussi di cassa previsti, i tempi di recupero attesi e il presumibile valore di realizzo delle garanzie, ove presenti, la cui modifica può comportare una variazione del valore recuperabile finale. Nella relazione sulla gestione e nella nota integrativa Parte A – Politiche contabili, Parte B – Informazioni sullo stato patrimoniale, Sezione 4 dell'attivo, Parte C – Informazioni sul conto economico, Sezione 8, Parte E – Informazioni sui rischi e sulle relative politiche di copertura è riportata l'informativa sugli aspetti sopra descritti.

	In considerazione della significatività dell'ammontare dei crediti verso clientela valutati al costo ammortizzato deteriorati iscritti in bilancio, della complessità dei processi di stima adottati dal Gruppo che hanno comportato un'articolata attività di classificazione in categorie di rischio omogenee, nonché della rilevanza delle componenti discrezionali insite nella natura estimativa del valore recuperabile (quali le stime dei flussi di cassa attesi, dei relativi tempi di recupero e del valore delle eventuali garanzie nonché le possibili strategie di recupero), abbiamo ritenuto che la classificazione dei crediti verso clientela valutati al costo ammortizzato deteriorati classificati a sofferenza e a inadempienza probabile e la loro valutazione siano da considerare un aspetto chiave della revisione contabile del bilancio consolidato del Gruppo Bancario Cambiano al 31 dicembre 2023.
Procedure di revisione svolte	Nell'ambito delle attività di revisione sono state svolte, tra le altre, le seguenti principali procedure: • comprensione della normativa interna, dei processi e dei relativi presidi organizzativi e procedurali posti in essere dal Gruppo in relazione alle modalità di classificazione e di determinazione del valore recuperabile dei crediti verso clientela valutati al costo ammortizzato deteriorati, classificati a sofferenza e inadempienza probabile, al fine di verificarne la conformità al quadro normativo di riferimento ed ai principi contabili applicabili; • verifica dell'implementazione e dell'efficacia operativa dei controlli chiave identificati con riferimento ai suddetti processi; • analisi qualitativa ed andamentale dei crediti verso clientela valutati al costo ammortizzato deteriorati, classificati a sofferenza e inadempienza probabile, mediante il calcolo di opportuni indicatori quali/quantitativi al fine di identificare eventuali elementi di interesse; • verifica, per un campione di posizioni selezionate, della classificazione e determinazione del valore recuperabile dei crediti verso clientela valutati al costo ammortizzato deteriorati, classificati a sofferenza e inadempienza probabile, sulla base del quadro normativo di riferimento, dei principi contabili applicabili; • analisi degli eventi successivi alla data di chiusura del bilancio; • verifica della completezza e della conformità dell'informativa fornita nel bilancio rispetto a quanto previsto dal quadro normativo di riferimento e dai principi contabili applicabili.

Classificazione dei crediti verso clientela valutati al costo ammortizzato non deteriorati a maggiore rischio

Descrizione dell'aspetto chiave della revisione	Come riportato nel paragrafo "Qualità del credito" della relazione sulla gestione e nelle informazioni di natura quantitativa relative al rischio di credito della Parte E – Informazioni sui rischi e sulle relative politiche di copertura della nota integrativa al 31 dicembre 2023, i crediti verso clientela valutati al costo ammortizzato non deteriorati del Gruppo ammontano ad un valore lordo pari ad Euro 2.931,2 milioni, a cui sono associate rettifiche di portafoglio pari ad Euro 17,6 milioni, e ad un conseguente valore netto pari ad Euro 2.913,6 milioni, evidenziando un grado di copertura pari allo 0,60%. Tra essi, i crediti verso la clientela per finanziamenti non deteriorati a maggiore rischio sono essenzialmente classificati nel c.d. "secondo stadio" pari ad Euro 316 milioni lordi con un grado di copertura del 2,83%. Nell'ambito delle proprie politiche di gestione dei crediti verso la clientela per finanziamenti, il Gruppo ha adottato processi e modalità di monitoraggio dell'andamento dei rapporti secondo quanto previsto dalla normativa di settore e dalle disposizioni interne che disciplinano le regole di classificazione e trasferimento nelle diverse categorie di rischio. Nel processo di classificazione, anche ai fini della conseguente valutazione dei crediti non deteriorati, il Gruppo ha tenuto in considerazione il particolare contesto di incertezza macroeconomica derivante dall'instabilità generata dal conflitto Russia-Ucraina e dalle pressioni inflazionistiche. Nella relazione sulla gestione e nella nota integrativa Parte A – Politiche contabili, Parte B – Informazioni sullo stato patrimoniale, Sezione 4 dell'attivo, Parte C – Informazioni sul conto economico, Sezione 8, Parte E – Informazioni sui rischi e sulle relative politiche di copertura è riportata l'informativa sugli aspetti sopra descritti. In considerazione della significatività dell'ammontare e della complessità del processo di classificazione adottato dal Gruppo, tenuto anche conto delle circostanze connesse alle incertezze legate all'attuale contesto macroeconomico, abbiamo ritenuto che la classificazione dei crediti verso la clientela per finanziamenti non deteriorati a maggiore rischio, valutati al costo ammortizzato, rappresenti un aspetto chiave della revisione del bilancio consolidato del Gruppo Bancario Cambiano al 31 dicembre 2023.

Procedure di revisione svolte

Nell'ambito delle attività di revisione sono state svolte, tra le altre, le seguenti principali procedure:

- comprensione della normativa interna, dei processi e dei relativi presidi organizzativi e procedurali posti in essere dal Gruppo in relazione alle modalità di classificazione e di monitoraggio della qualità dei crediti verso clientela valutati al costo ammortizzato non deteriorati, eventualmente modificati per tener conto degli effetti derivanti dal contesto di incertezza macroeconomica, al fine di verificarne la conformità al quadro normativo di riferimento e ai principi contabili applicabili;

- verifica dell'implementazione e dell'efficacia operativa dei controlli chiave identificati con riferimento ai suddetti processi;

- analisi qualitativa ed andamentale dei crediti verso clientela non deteriorati al fine di identificare eventuali elementi di interesse;

- verifica, per un campione di posizioni selezionate, della classificazione dei crediti verso clientela valutati al costo ammortizzato non deteriorati a maggiore rischio sulla base del quadro normativo di riferimento e del contesto di incertezza macroeconomica;

- analisi degli eventi successivi alla data di chiusura del bilancio;

- verifica della completezza e della conformità dell'informativa fornita in bilancio rispetto a quanto previsto dal quadro normativo di riferimento e dai principi contabili applicabili.

Responsabilità degli Amministratori e del Collegio Sindacale per il bilancio consolidato

Gli Amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 43 del D.Lgs. n. 136/15 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo Banca Cambiano S.p.A. o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno.

- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo.

- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa.

- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento.

- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di governance anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le azioni intraprese per eliminare i relativi rischi o le misure di salvaguardia applicate.

Tra gli aspetti comunicati ai responsabili delle attività di governance, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) 537/2014

L'assemblea degli Azionisti della Banca Cambiano 1884 ci ha conferito in data 14 giugno 2020 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Banca per gli esercizi dal 31 dicembre 2020 al 31 dicembre 2028.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) 537/2014 e che siamo rimasti indipendenti rispetto alla Banca nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio consolidato espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di Comitato per il Controllo Interno e la Revisione Contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10

Gli Amministratori della Banca Cambiano 1884 S.p.A. sono responsabili per la predisposizione della relazione sulla gestione del Gruppo Bancario Cambiano al 31 dicembre 2023, incluse la sua coerenza con il relativo bilancio consolidato e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio consolidato del Gruppo Bancario Cambiano al 31 dicembre 2023 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio consolidato del Gruppo Bancario Cambiano al 31 dicembre 2023 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

DELOITTE & TOUCHE S.p.A.

Antonio Sportillo
Socio

Firenze, 5 aprile 2024

Warning: unofficial translation. Refer to the text in Italian.

REPORT OF THE INDEPENDENT AUDITOR
IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N. 39 OF 27.1.2010
AND ARTICLE 10 OF (EU) REGULATION N. 537/2014.

To the Shareholders of
Banca Cambiano 1884 S.p.A.

REPORT ON THE ACCOUNTING AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the individual financial statements of Gruppo Bancario Cambiano (the "Group"), consisting of the balance sheet as at 31 December 2023, the income statement, the schedule of overall profitability, the schedule of variations to shareholders' equity, statement of cash flows for the fiscal year ending on the aforementioned date, and by the explanatory notes thereto.

In our opinion, the consolidated financial statements represent in a truthful and accurate manner the shareholders' equity and the financial situation of the Group as at 31 December 2023, as well as of the economic result and cash flows for the fiscal year closed on the same date, in conformity with the International Financial Reporting Standards adopted by the European Union, as well as with the regulations implementing article 43 of Legislative Decree n. 136/2015.

Basis for the opinion

We conducted the audit in conformity with the procedures specified in the auditing standards (ISA Italy). Our responsibilities pursuant to the aforementioned standards are further described in the section *Responsibility of the Independent Auditors for the audit of consolidated financial statements for the fiscal year* in this report. We are independent with respect to Banca Cambiano 1884 S.p.A. (the "Bank"), in compliance with regulations and standards regarding ethical principles and independence applicable in Italian Law to audits of financial statements. It is our belief that we have acquired sufficient and adequate evidence on which to base our opinion.

Key aspects of the audit of accounts

The key aspects of the audit of accounts are those aspects that, in our professional opinion, are of greatest significance within the scope of the audit of accounts for the financial statements in review. These aspects were dealt with within the scope of the audit of accounts and in forming our opinion as to the overall financial statements; therefore, we will not express a separate opinion of such aspects.

Classification and measurement of impaired receivables from customers classified as non-performing and probable defaults	
Description of the key aspect of the audit	As written in the section "The quality of credit" of the report on management and in the quantitative information in "Section 1 – Credit Risk" of Part E – Information on risks and relative hedging policies, of the explanatory notes at 31 December 2023, the Group's impaired receivables from customers measured at amortised cost amount to a gross value of 262.9 million euro, to which specific value adjustments in

the amount of 96.7 million euro are associated, with a resulting net value of 166.2 million euro.

The report on management also notes that the so-called “coverage ratio” of impaired receivables from customers measured at amortised cost at 31 December 2023 is equal to 36.8%. In particular, the aforementioned impaired receivables, classified in accordance with the IFRS 9 “Financial Instruments” international accounting standard in so-called “third stage”, include non-performing loans for a net value equal to 54.4 million euro, with a 47.5% coverage ratio, and probable defaults for a net value equal to 92.5 million euro, with a 33.18% coverage ratio.

As regards the classification of credit exposures by homogenous risk classes, the Group applies sector standards and internal policies that govern the classification of exposures and their transfer between the various risk categories.

In determining the recoverable value of impaired receivables from customers measured at amortised cost, within the scope of its valuation policies, the Group has applied valuation procedures and methods characterised by elements of subjectivity and estimation of some variables including, mainly, forecasted cash flows, expected recovery times and the realisable value of collateral, where present, the modification of which may result in a change of the final recoverable value.

Information regarding the above aspects is provided in the Report on Management and in the Explanatory Notes Part A – Accounting Policies, Part B – Information on the Balance Sheet, Assets Section 4, Part C – Information on the Income Statement, Section 8, and Part E – Information on risks and the relative hedging policies.

Considering the significance of the amount of impaired receivables from customers measured at amortised cost entered in the balance sheet, and the complexity of the Group’s estimation procedures, which required a detailed classification in homogenous risk categories, as well as the significance of the discretional components inherent to the estimative nature of recoverable value (such as estimations of expected cash flows, the relative recovery times, the value of collateral and the possible recovery strategies), it is our opinion that the classification of impaired receivables from customers measured at amortised cost and classified as non-performing and probable defaults, and the valuation thereof, are to be considered a key aspect of the audit of Gruppo Bancario’s financial statements as at 31 December 2023.

Auditing procedures carried out

Within the scope of the auditing activities, the following main procedures were carried out:

- Comprehension of internal regulations, processes and relative organisational and procedural controls established by the Group in relation to the methods for classification and determination of the recoverable value of impaired receivables from customers measured at amortised cost and classified and non-performing and probable defaults, in order to verify conformity to the regulatory framework of reference and applicable accounting standards;

- Verification of the implementation and operational efficacy of specific key controls with reference to the aforementioned processes;

- Qualitative and trend analysis of impaired receivables from customers measured at amortised cost and classified as non-performing and probable defaults, through the calculation of appropriate qualitative and quantitative indicators in order to identify possible elements of interest;

- Verification, for a sample of selected positions, of the classification and evaluation of the recoverable value of impaired receivables from customers measured at amortised cost and classified as non-performing and probable defaults, based on the regulatory framework of reference, and the applicable accounting standards;

- Analysis of the events subsequent to the date of closing of the consolidated financial statements;

- Verification of the completeness and conformity of the information in the consolidated financial statements, with respect to the requirements of the regulatory provisions of reference and applicable accounting standards.

Classification of higher risk in bonis receivables from customers measured at amortised cost

Description of the key aspect of the audit	As written in the section “The quality of credit” of the report on management and in the quantitative information regarding credit risk, in Part E – Information on risks and relative hedging policies, of the explanatory notes at 31 December 20223, the Group’s in bonis receivables from customers, measured at amortised cost, amount to a gross value of 2,931.2 million euro, with portfolio adjustments equal to 17.6 million euro, for a resulting total net value of 2,913.6 million euro, showing a 0.60% coverage ratio. Of these, receivables from customers for in bonis loans at higher risk are essentially classified in the so-called “second stage”, for 316 million euro, with a 2.83% coverage ratio. Within the scope of its policies regarding the management of receivables from customers for loans, the Group has adopted processes and trend monitoring methods, as provided for by sector regulations and internal policies that govern risk classification and transfer between risk categories. In the classification process for in bonis receivables, also for the purpose of the relative measurement, the Group has taken into consideration the unique context of macro-economic instability generated by the conflict between Russia and the Ukraine, and the pressure exerted by inflation. Information regarding the above aspects is provided in the report on management and in the Explanatory Notes - Part A – Accounting policies, Part B – Information on the balance sheet, Section 4 Assets, Part C – Information on the income statement, Section 8, Part E – Information on risks and relative hedging policies. Considering the significance of the amount and the complexity of the classification process used by the Bank, and also considering the circumstances connected to the current macro-economic context, it is our opinion that the classification of higher risk, in bonis receivables from customers measured at amortised cost is to be considered a key aspect of the audit of Gruppo Bancario Cambiano’s consolidated financial statements as at 31 December 2023.

Auditing procedures carried out	Within the scope of the auditing activities, the following main procedures were carried out: • Comprehension of internal regulations, processes and relative organisational and procedural controls established by the Group in relation to the methods for classification and monitoring of the quality of in bonis receivables from customers measured at amortised cost, albeit modified to take into account the effects deriving from the uncertain macro-economic context, in order to verify conformity to the regulatory framework of reference and applicable accounting standards; • Verification of the implementation and operational efficacy of specific key controls with reference to the aforementioned processes; • Qualitative and trend analysis of in bonis receivables from customers in order to identify possible elements of interest; • Verification, for a sample of selected positions, of the classification of higher risk in bonis receivables from customers measured at amortised cost, based on the regulatory framework of reference and the uncertain macro-economic context; • Analysis of the events subsequent to the date of closing of the financial statements; • Verification of the completeness and conformity of the information provided in the financial statements, with respect to the requirements of regulatory framework of reference and applicable accounting standards.

Responsibility of the Directors and of the Board of Statutory Auditors for the consolidated financial statements

Directors are responsible for preparing the consolidated financial statements so that they provide a true and correct representation, in conformity with the International Financial Reporting Standards adopted by the European Union and with the provisions issued to implement Article 43 of Legislative Decree n. 136/2015 and, to the extent required by law, for those internal controls deemed necessary by the Directors to allow preparing financial statements that do not contain significant errors due to fraud or unintentional conduct or events.

Directors are responsible for assessing the capacity of the Group to continue operating as a business entity and, in preparing the consolidated results, for the appropriate use of the assumption of going concern, as well as for adequate information on this matter. Directors prepare the consolidated statements based on the assumption of going concern, unless they have assessed the existence of conditions that require liquidation of the parent company, Banca Cambiano 1884 S.p.A., or for interruption of business activities, or that there are no realistic alternatives thereto.

The Board of Statutory Auditors is responsible for vigilance, within the terms provided for by law, over the preparation process of the Group’s financial information.

Responsibility of the Independent Auditors for the accounting audit of the consolidated statements

Our objectives are to acquire reasonable certainty that the consolidated financial statements contain no significant errors due to fraud or to intentional conduct or to events, and to issue an audit report that includes our opinion. Reasonable certainty means a high level of certainty that, nonetheless, is not a guaranty that an accounting audit conducted according to international auditing principles (ISA Italy) will always identify a significant error, should one exist. Errors may derive from fraud or from unintentional conduct, and are considered significant if it may be reasonably expected that such errors, singly or as a whole, may influence user economic decisions made based on the consolidated statements for the year.

Within the scope of the accounting audit conducted in compliance with the international auditing principle (IAS Italy), we have exercised our professional expertise and have maintained professional scepticism for the entire duration of the accounting audit. Moreover:

- We have identified and assessed the risk of significant errors in the consolidated statements, resulting from fraud or unintentional conduct or events; we have defined and carried out auditing procedures in response to said risks; we have acquired sufficient and appropriate evidence on which to base our opinion. The risk of not identifying a significant error resulting from fraud is higher than the risk of not identifying a significant error resulting from unintentional conduct or events, as fraud may implicate the existence of collusion, falsifications, intentional omissions, misleading representations or forced internal control results;

- We have acquired a sufficient understanding of the internal controls for the purpose of the accounting audit, in order to define accounting procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion as regards the efficacy of the Group's internal controls;

- We have assessed the appropriateness of the accounting principles applied, as well as the reasonableness of the accounting estimations made by company directors, including the respective information documents;

- We have come to a conclusion regarding the appropriate use of the assumption of going concern on the part of the directors and, based on the evidence acquired, as to the possible existence of significant uncertainty as regards events or circumstances that may give rise to significant doubts regarding the Group's capacity to continue to operate as a going concern. Where faced with a significant uncertainty, we are bound to call attention to the information provided, in the auditing report or, if the information provided is insufficient, to take into account such inadequacy in the formulation of our opinion. Our conclusions are based on the documentation acquired as at the date of this report. However, subsequent events or circumstances may result in the Group ceasing to operate as a going concern;

- We have assessed the presentation, structure and contents of the consolidated statements for the fiscal year as a whole, including the information documents, and whether or not the consolidated statements faithfully represent the underlying transactions and events;

- We have acquired sufficient and appropriate evidence regarding the financial information of the companies or of the different business activities carried out within the Group, to allow expressing an opinion regarding the consolidated financial statements. We are responsible for the management, supervision and execution of the Group accounting audit. We are the sole persons responsible for the audit opinion regarding the consolidated financial statements.

We have informed the persons in charge of governance activities, identified at an appropriate level, as required by ISA Italia principles, among other aspects, of the scope and timing planned for the accounting review and of the significant findings thereof, including any significant deficiencies in internal controls observed during the accounting audit.

We have provided persons in charge of governance activities with a declaration attesting that all regulations and principles regarding ethical conduct and independence were observed, as applicable by Italian law, and have informed them of any situation that may reasonably affect our independence and, where applicable, the respective safeguarding measures.

Among aspects of which governance was informed, we identified those that were most relevant within the scope of the accounting audit of the consolidated financial statements for the fiscal year in review, which therefore constituted the key aspects of the audit. These aspects are described in the audit report.

Other information communicated pursuant to article 10 of EU Regulations 537/2014

On 14 June 2020, the Shareholders' Meeting of Banca Cambiano 1884 S.p.A. appointed our firm statutory auditor of the financial statements for the fiscal years from 31 December 2020 through to 31 December 2028.

We hereby declare that no services forbidden by article 5, section 1 of EU Regulations 537/2014 were rendered other than the accounting audit and that we remained independent with respect to the Bank in the performance of the statutory audit.

We confirm that the opinion regarding the consolidated statement, expressed in this report, is in line with the contents of the additional report sent to the Board of Statutory Auditors in its role as committee for internal control and legal review, pursuant to article 11 of the aforementioned Regulations.

REPORT ON OTHER LAW AND REGULATORY PROVISIONS

Opinion pursuant to article 14, sub-section 2, letter e) of Italian Legislative Decree 39/10

The Directors of Banca Cambiano 1884 S.p.A. are responsible for preparing the report on management for Gruppo Bancario Cambiano at 31 December 2023, including its consistency with the respective consolidated statements for the fiscal year and its conformity to provisions of law.

We conducted the procedures specified in the audit standards (SA Italia) n. 720B for the purpose of expressing an opinion as regards the consistency of the report on management with the consolidated financial statements of Gruppo Bancario Cambiano as at 31 December 2023, and on compliance with provisions of law, and to issue a declaration regarding any significant errors.

In our opinion, the report on management is consistent with the consolidated statements of Gruppo Bancario Cambiano as at 31 December 2023, and has been prepared in compliance with all provisions of law.

With reference to the declaration required by article 14, sub-section 2, letter e) of Italian Legislative Decree 39/10, issued based on knowledge and comprehension of the business and of the relative context acquired during auditing activities, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

[*autograph signature*]
Antonio Sportillo
Partner

Florence, 5 April 2024

ANNEXES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation between the reclassified consolidated financial statements and income statement schedules and the consolidated balance sheet schedules

Below are the schedules used to prepare the consolidated financial and income statements in the reclassified format.

Balance sheet

	Asset line items	31/12/2023	31/12/2022
Cash		**15,519**	**12,826**
10.	Cash and cash equivalents	341,284	49,919
	less: Demand receivables from banks	-325,765	-37,093
Financial assets		**994,592**	**1,132,310**
	a) financial assets held for trading	103,754	87,874
20. a)	Financial assets measured at fair value with impact on income statement a) financial assets held for trading	84,560	67,555
	plus: Other assets (tax credits) held for trading reclassified from Other assets - Line item 130	19,194	20,319
20. b)	***b) financial assets measured at fair value***	0	0
	c) other financial assets obligatorily measured at fair value	29,372	71,475
20. c)	Financial assets measured at fair value with impact on income statement c) other financial assets obligatorily measured at fair value	100,696	144,517
	less: Loans obligatorily measured at fair value	-71,324	-73,042
	d) Financial assets measured at fair value with impact on total profits	474,967	612,370
30.	Financial assets measured at fair value with impact on total profits	474,967	612,370
	e) Financial assets measured at amortised cost	386,499	360,590
	- Banks	3,683	6,720
	plus: Debt securities reclassified from Receivables from banks - line item 40 a	3,683	6,720
	- Customers	382,816	353,870
	plus: Debt securities reclassified from Receivables from customers - line item 40 b	382,816	353,870
Loans		**3,635,047**	**3,587,095**
	a) receivables from banks	405,359	171,433
40 a)	Financial assets measured at amortised cost a) receivables from banks	83,277	141,061
	less: Debt securities	-3,683	-6,720
	plus: Loans to banks reclassified from Cash and cash equivalents - Line item 10	325,765	37,093
	b) receivables from customers	3,079,729	3,303,949
40 b)	Financial assets measured at amortised cost b) receivables from customers	3,462,545	3,657,819
	less: Debt securities	-382,816	-353,870
	c) Loans obligatorily measured at fair value	71,324	73,042
	plus: Loans to customers reclassified from other financial assets obligatorily measured at fair value - Line item 20 c)	71,324	73,042
	d) Other assets	78,636	38,670
	plus: Loans for tax credits to CA reclassified from Other assets - Line item 130	78,636	38,670
Equity investments		**15,933**	**16,479**
70.	Equity investments	15,933	16,479
Property, plants and equipment		**89,231**	**89,427**
90.	Property, plants and equipment	89,231	89,427
Intangible assets		**4,928**	**4,235**
100.	Intangible assets	4,928	4,235
Tax receivables		**23,644**	**37,886**
110.	Tax receivables	23,644	37,886
Non-current assets and groups of assets in the course of divestment		**0**	**0**
120.	Non-current assets and groups of assets in the course of divestment	0	0
Other assets		**78,886**	**45,946**
130.	Other assets	176,715	104,936
	less: Other assets (tax credits) held for trading	-19,194	-20,319
	less: Loans for tax credits to CA	-78,636	-38,670
	TOTAL ASSETS	**4,857,779**	**4,926,205**

	Liabilities and shareholders' equity line items	31/12/2023	31/12/2022
Payable to banks and institutional counterparties		**945,734**	**1,282,719**
	a) payable to banks	641,072	1,089,388
10. a)	Financial liabilities measured at amortised cost a) payable to banks	641,072	1,089,388
	b) payable to institutional counterparties	304,662	193,331
	plus: Payable to institutional counterparties from payable to customers - Line item 10 b)	304,662	193,331

Liabilities and shareholders' equity line items		31/12/2023	31/12/2022
Direct deposits		**3,507,155**	**3,360,563**
	a) payable to customers	3,334,734	3,201,990
10. b)	Financial liabilities measured at amortised cost b) payable to customers	3,639,396	3,395,321
	less: Payable to institutional counterparties	-304,662	-193,331
	b) outstanding securities	172,421	158,574
10. c)	Financial liabilities measured at amortised cost c) outstanding securities	172,421	158,574
Financial liabilities from trading		**442**	**98**
20.	Financial liabilities from trading	442	98
Tax liabilities		**1,220**	**2.502**
60.	Tax liabilities	1,220	2,502
Liabilities associated to assets in the course of divestment		**0**	**0**
70.	Liabilities associated to assets in the course of divestment	0	0
Other liabilities		**118,192**	**57,407**
80.	Other liabilities	118,192	57,407
Provisions for liabilities		**10,679**	**11,763**
90.	Employee severance pay	3,255	3,391
100.	Risk and expense funds:	7,424	8,372
TOTAL LIABILITIES		**4,583,421**	**4,715,052**
Shareholders' equity		**274,358**	**211,153**
120.	Valuation reserves	-7,783	-20,516
130.	Redeemable shares	0	0
140.	Capital instruments	40,000	30,000
150.	Reserves	-35,814	-52,259
160.	Premiums on issue of shares	803	803
170.	Share capital	252,800	232,800
180.	Treasury shares (-)	0	0
190.	Equity pertaining to minority interest	1,185	1,188
200.	Fiscal year profit or loss	23,166	19,136
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,857,779**	**4,926,205**

Income statement

Line items of the Income statement		31/12/2023	31/12/2022
10.	Earned interest and similar income	167.318	93.827
20.	Interest expenses and similar expenses	-76.247	-12.240
30.	Interest income	91.070	81.587
70.	Dividends and similar income	589	603
Financial income		91.659	82.190
40.	Commission income	36.502	36.611
50.	Commission expenses	-6.095	-5.132
	plus Recovery of commission expenses reclassified from Other income and expenses- Line item 230	644	581
Net commission income		31.051	32.061
	Net result from financial activities:	11,168	10,026
80.	Net trading result	10,226	15,160
90.	Net hedging result	0	-2
100. a)	Gains (losses) from disposal or repurchase of a) financial assets measured at amortised cost	-3,972	423
	less gains/losses from disposals of NPL receivables	5,514	-413
100. b)	Gains (losses) from disposal or repurchase of b) financial assets measured at fair value with impact on total profits	666	-225
100. c)	Gain (losses) from disposal or repurchase of c) financial liabilities	157	64
110. a)	a) financial assets and liabilities measured at fair value	0	0
110. b)	b) other financial assets obligatorily measured at fair value	-1,410	-5,003
	less net result of receivables obligatorily measured at fair value	-12	23
	Other net operating income/expenses	1,115	-603
230.	Other operating income/expenses	8,624	2,618
	less Recovery of commission expenses	-644	-581
	less Recovery of personnel costs	-817	-108
	less Recovery of other administrative costs	-6,098	-5,238
	less Badwill	-1,291	0
	less Expenses for liabilities covered using Risk and expense funds	1,340	2,705
Other operating income		43,334	41,483
Operating income		134,993	123,673
	a) personnel costs	-33,723	-32,366
190. a)	Administrative costs a) personnel costs	-34,539	-32,714

	- Recovery of personnel costs reclassified from Other income and expenses - Line item 200	817	348
	b) other administrative costs	-33,230	-29,842
190. b)	Administrative costs b) other administrative costs	-45,277	-41,209
	- Recovery from administrative costs reclassified from Other income and expenses - Line item 200	6,098	4,998
	- Expenses related to the banking system (contributions to DGS and FITD funds) reclassified in their own line item	5,950	6,369
	Net adjustments/write-backs on property, plant and equipment and intangible assets	-7,251	-7,085
210.	Net adjustments/write-backs on property, plants and equipment	-5,278	-5,429
220.	Net adjustments/write-backs on intangible assets	-2,245	-1,656
	less Amortisation of intangible assets recognised following the PPA procedure	272	0
	Net result of fair value measurement of property, plant and equipment and intangible assets	91	-14
260	Net result of fair value measurement of property, plant and equipment and intangible assets	91	-14
Operating expenses		-74,113	-69,308
Net operating income		60,880	54,365
	Net adjustments to Loans to customers	-25,292	-21,348
130. a)	Net adjustments/write-backs due to impairment of a) financial assets measured at amortised cost	-19,808	-22,514
	less adjustments/write-backs of value due impairment on debt securities measured at amortised cost	-118	144
	plus profits/losses from disposals of NPL receivables reclassified from line item 100 a)	-5,514	413
	plus net result of loans obligatorily measured at fair value reclassified from line item 110 b)	12	390
140.	Profit/losses due to contract modifications without derecognition	137	219
	Net adjustments to securities and other financial assets	344	-506
130. b)	Net adjustments/write-backs due to impairment of b) financial assets measured at fair value with impact on total profits	225	-362
	plus adjustments /write-backs of value due to impairment of debt securities and Loans to banks at amortised cost	118	-144
	Net allocations to risk and expense funds: guarantees and commitments	-113	-95
200. a)	Net allocations to risk and expense funds: a) guarantees and commitments	-113	-95
Net adjustments due to impairment		-25,062	-21,948
	Net allocations to risk and expense funds: other	-198	-2,865
200. b)	Net allocations to risk and expense funds b) other net allocations	1,142	-159
	less Use of risk funds established during previous fiscal years to cover expenses for liabilities reclassified from Other income and expenses - line item 200	-1,340	-2,705
	Profit (loss) from equity investments	-324	1,192
220.	Profit (loss) from equity investments	-324	1,192
	Gains (losses) from disposal of investments	89	16
250.	Gains (losses) from disposal of investments	89	16
	Expenses related to the banking system (contributions to DGS and FITD funds)	-5,950	-6,369
	plus Expenses related to the banking system (contributions to DGS and FITD funds) reclassified from Administrative costs b) other administrative costs - Line item 160 b)	-5,950	-6,369
Gross profit from current operations		29,434	24,392
	Income tax for the period on current operations	-7,143	-5,218
270.	Income tax for the period on current operations	-7,143	-5,218
Net profit from current operations		22,292	19,174
	PPA	1,291	0
	Impairment goodwill / amortization intangible assets	-272	0
240.	Adjustments to value of goodwill	0	0
	less Amortisation of intangible assets measured following PPA	-272	0
	Profit (loss) from discontinued operations net of taxes	-70	0
290.	Profit (loss) from discontinued operations net of taxes	-70	0
Profit (loss) for the fiscal period		23,241	19,174
340.	Profit (loss) for the fiscal period attributable to minority interests	75	38
Profit (loss) for the fiscal period attributable to of the Parent Company		23,166	19,136

Expenses for statutory audit

In compliance with the provisions of art. 2427, 1st comma, n. 16-bis of the Italian Civil Code, below is a summary statement of the fees agreed upon by contract for the 2023 fiscal year with the auditing company hired to perform the statutory audit of accounts and for other services provided to the Group.

Amounts are net of VAT and expenses.

Type of services	Subject that provided the service: auditing company / statutory auditor	Total fees (in euro)
A) Statutory audit	Deloitte & Touche s.p.a.	95,827
B) Certification services	Deloitte & Touche s.p.a.	4,500
C) Tax consultancy services		0
D) Other services	Deloitte & Touche s.p.a.	16,836
Total fees		**117,163**

Country-by-country public disclosure

The 4th update of Bank of Italy Circular n. 285 of 17 December 2013, under Title III, Chapter 2, introduces into Italian law the legislation regarding country-by-country reporting, as set forth in article 89 of Directive 2013/36/EU of the European Parliament and of the Council (CRD IV). In compliance with said requirements, the Bank must publish a yearly annex to the financial statements or a section on its web site containing specific qualitative and quantitative information. For this reason, it is necessary to publish the information marked by the letters a), b), and c) of annex A of the First Part, Title III, Chapter 2, referring to the situation as at 31 December 2023.

Specifically:

- Name of the company and nature of the activities
- Turnover
- Number of employees on a full-time equivalent basis
- Profit or loss before tax
- Taxes on profit or loss
- Public funding received

The required information is set out below.

1. Name of the company and nature of the activities

This information refers to the Gruppo Bancario Cambiano, operating in Italy, and comprising the following companies:

Banca Cambiano 1884 S.p.A. – • Banca Cambiano 1884 S.p.A. – Parent Company of the banking group with registered offices and general management in Viale Antonio Gramsci, 34 - 50132 Florence – Share capital 252,799,999.60 euro fully paid in – fiscal code and registration number in the Company Register of Florence 002599341209, VAT code 002599341209, member of the National Guarantee Fund and the Interbank Deposit Protection Fund;

Cambiano Leasing S.p.A. –95.00% controlled subsidiary, that carries out leasing activities, with registered offices and general management in Piazza Garibaldi 3 - 50053 Empoli (FI) – Share capital 10,000,000.00 euro fully paid-in - fiscal code and registration number in the Company Register of Florence 01085070496, VAT code 04487530489, registered in the Consolidated Register as per article 106 of the Consolidated Banking Act (TUB);

Immobiliare 1884 S.r.l. - 100% controlled subsidiary that carries out real estate activities, with registered offices in Viale Antonio Gramsci, 34 - 50132 Florence - Share capital 13,500,000.00 fully paid-in, fiscal code and registration number in the Company Register 01085070496, VAT code 06780730484;

2. Turnover

The 4th update of the aforementioned Circular 285/2013 defines as turnover the "operating income" recorded on line item 120 of the Income Statement.

Company	Operating income (in thousands of euro)
Banca Cambiano 1884 S.p.A.	122,174
Cambiano Leasing S.p.A.	5,896
Immobiliare 1884 S.r.l.	-316
Adjustments for consolidation	-22
Group Total	**127,731**

3. Number of employees on a full-time equivalent basis

This section contains the ratio between total number of hours worked overall by all Group employees, excusing overtime, and the yearly total provided for by labour contract for a full-time employee. For 2023 the number of employees thus calculated is 424,34.

4. Profit or loss before tax

"Profit or loss before tax" is the sum of line items 290 and 320 (this latter before tax) of the Consolidated Income Statement. For 2023 profit is equal to € 30,384,092.

5. Taxes on profit or loss

"Taxes on profit or loss" are the sum of taxes recorded in line item 300 of the consolidated income statement as per Bank of Italy Circular n. 262 and the taxes related to groups of assets in the course of divestment. For 2023 taxes amount € 7,142,767.

6. Public funding received

The line item regarding public funding shows the funding received directly from public administrations. This line item does not include transactions initiated by central banks for the purpose of financial stability and transactions that are a part of programs for government funding approved by the European Commission. During 2023, Gruppo Bancario Cambiano received contributions from the Regional Office of MIBACT for € 153 thousand for restoration work to the building that houses the registered offices of the Parent Company, and public funding for personnel training courses, for a total of € 719 thousand.

Giuliano Ghelli, *"Racconti del viaggiatore curioso"*, acrylics and pumice on canvas, 2009, the Bank's collection

COMPANY FINANCIAL STATEMENTS

COMPANY REPORT ON MANAGEMENT

*"Bisognerebbe che ogni avvocato, per due mesi all'anno, facesse il giudice;
e che ogni giudice, per due mesi all'anno, facesse l'avvocato.
Imparerebbero così a comprendersi e a compatirsi e reciprocamente si stimerebbero di più".*
PIERO CALAMANDREI

*"It ought to be that every lawyer, for two months a year, be a judge;
and every judge, for two months a year, be a lawyer.
Thus they would learn to understand and empathise with one another, and would respect each other more".*
PIERO CALAMANDREI

Introduction

The words of Calamandrei, in the opening quotation, prompt us to reflect on the degree of evolution that would ensue if the hypothesised alternance were possible in all sectors of business and activity; between regulators and those subject to regulations, between supervisors and those supervised, between those who theorise and those who work. An ideal dimension that would result in a closer relevance to reality with respect to models that are often based on a partial vision.

The 2023 fiscal year closed in a context of great uncertainty. The developments of the period exceeded every studied forecast. The programming carried out by many (too many) "prescient" experts, even only at the beginning of the year, turned out to be resoundingly unfounded. Leaving aside the Olympus of great thinkers, for whom everything and the opposite of everything is always true, those who instead have to work every day and face the reality of things must maintain a sense of direction, and our Bank has maintained the same direction: work in the best way possible, to always be accountable!

The year 2023 was a year marked by great changes, with a deep impact, and that point to repercussions in 2024 as well, leading to a possible social and economic scenario that will depend on events outside of elements that can reasonably be forecasted.

The fiscal year that has just ended began with an acceleration of inflation, an economic recession (as in fact expected due to the actions on rates undertaken by the ECB), and a high degree of financial instability. In actual fact, the year closed with a drop in inflation, a global economy that has slowed down without, however, entering a recession, and, in terms of financial markets, the year was very positive.

The changes in the scenario, which were not foreseen, neither as events nor as the impact thereof, are directly connected to contexts of instability, which, similarly to those that existed during the years dominated by the pandemic, exist and will continue to exist due to the conflicts in the Ukraine, and in the Middle East and to all the hotbeds of conflict worldwide. The forecasts for 2024, whatever the originating source, are practically a mere exercise in style, that we can hope will see the end of all wars and the victory of reason over force. The third world war, latent but progressing dramatically for too long, would mark a dramatic evolutions that would escape any possibility of recovery. Aside from the progression of war actions, deep changes in geo-politics in turn act as a backdrop to the global context; just two examples are the elections of the President of the United States in November, and the European elections in June.

We leave the analyses of the data of leading world economies to the thorough information provided by leading research institutes and known to all due to the publication of the respective data; it does not seem of significant importance to blindly repeat them here, given the dependence of the systemic evolution on the events mentioned above. Instead, worthy of note, in a positive sense, are recurring elements in the economic planning guidelines of many Countries that focus on environmental transition processes, and the start of a tightening of internal exchanges, to reduce the dependence of many production sectors, including strategic ones, on other areas initially attractive due to short-sighted assessments based simply on lower costs.

Main summary data

The main economic and financial summary data, calculated on the basis of reclassified accounting schedules, prepared according to the methods illustrated in the section of the Report containing the analysis of financial and economic results, are shown in the tables below.

SUMMARY DATA AND INDEXES			
data in €/000			
SUMMARY DATA AND INDEXES	**31/12/2023**	**31/12/2022**	**% Variation**
Interest income	85,024	75,739	12.26%
Net fees	31,540	32,855	-4.00%
Operating income	129,211	118,671	8.88%
Total operating costs	71,796	67,316	6.66%
of which personnel costs	32,598	31,561	3.29%
of which other administrative costs	32,050	28,682	11.74%
Net operating income	57,414	51,355	11.80%
Net result for the fiscal year	22,075	17,762	24.28%

DATI SINTETICI PATRIMONIALI	31/12/2023	31/12/2022	% Variation
Total assets	4,809,335	4,871,738	-1.28%
Total risk-weighted assets (RWA)	1,699,286	1,838,135	-7.55%
Receivables from customers (net)	3,035,687	3,251,311	-6.63%
of which non-performing loans	47,750	53,391	-10.57%
Total financial assets	994,574	1,132,289	-12.16%
Deposits	5,069,940	4,677,256	8.40%
of which direct deposits	3,508,577	3,360,822	4.40%
of which indirect deposits	1,561,363	1,316,434	18.61%
Shareholders' statutory equity	269,304	207,194	29.98%
Tier 1 capital (CET1)	224,247	201,104	11.51%
Total own funds	328,878	292,145	12.57%

STRUCTURAL DATA	31/12/2023	31/12/2022	Absolute variations
Employees (precise number)	424	424	0
Employees (average value)	415	416	-1
Number of tellers	44	44	0

ECONOMIC DATA AND INDEXES			
PROFITABILITY INDICATORS (%)	**31/12/2023**	**31/12/2022**	**% Variation**
Return on equity (ROE) (1)	8.93%	9.38%	-0.45%
Return on tangible equity (ROTE) (2)	9.11%	9.58%	-0.48%
Return on assets (ROA) (3)	0.46%	0.36%	0.09%
Financial income/Operating income	66.26%	64.33%	1.93%
Net commission income/Operating income	24.41%	27.69%	-3.28%
Cost /Income (Operating expenses /Operating income) (4)	55.57%	56.73%	-1.16%
STRUCTURE INDEXES (%)			
Receivables from customers / Total assets	63.12%	66.74%	-3.62%
Receivables from customers / Direct deposits from customers	86.52%	96.74%	-10.22%
Financial assets / Total assets	20.68%	23.24%	-2.56%
Gross impaired receivables / Gross receivables from customers	7.53%	8.35%	-0.82%
Net impaired receivables / Net receivables from customers	4.74%	5.18%	-0.44%
DATA ON OPERATIONAL PRODUCTIVITY (€/1000)			
Receivables from customers / employees (average value)	7,315	7,816	-6.41%
Interest income / employees (average value)	205	182	12.53%
Net commission income / employees (average value)	76	79	-3.77%
Operating income / employees (average value)	311	285	9.14%
Operating expenses / employees (average value)	173	162	6.91%
CAPITAL ADEQUACY RATIOS			
CET1 ratio	13.20%	10.94%	2.26%
Tier 1 capital ratio	15.55%	12.57%	2.98%
Total capital ratio	19.35%	15.89%	3.46%

(1) ROE is calculated as the ratio between net profit for the period and shareholders' equity without net profit.

(2) ROTE is calculated as the ratio between net profit for the period and shareholders' equity, excluding from the latter the profit for the period and intangible assets.

(3) ROA is calculated as the ratio between net profit for the period and total assets.

(4) The cost/Income is calculated based on the reclassified Income statement schedules (ratio of Operating expenses/Operating income). Calculated based on the financial statement schedules required by Bank of Italy Circular 262/2005 and subsequent amendments, Cost/Income is equal to 61.78% (66.33% at 31 December 2022).

The economic context

As regards the information required by this paragraph, please refer to the paragraph "Economic scenario: local, national and international scenario" of the consolidated financial statements of Gruppo Bancario Cambiano, which is to be intended as fully contained in this paragraph.

Significant events during 2023

Response to the inspection report

RESPONSE TO THE INSPECTION REPORT

The results of the inspection audits by Bank of Italy, conducted from 18 May to 23 November 2022 were presented during the meeting of the Board of Directors held on 20 March 2023.

The inspection was closed with a partially unfavourable outcome, without the application of administrative measures. The results underlined the need for measures to strengthen capital assets, to support the development of the Bank's core business, and satisfy the progressively more substantial regulatory capital buffers required of the banking system.

Capital increase

On 29 May 2023 the Bank's Board of Directors deliberated, exercising the power granted by the Shareholders' Meeting of 16 June 2020, a capital increase by payment for overall € 20 million, without a share premium, through the issue of maximum n. 21,739,130 share with no nominal value, at a price of 0.92 euro, reserved for subscription by the company Edelweiss Srl

On 26 June 2023, the company Edelweiss Srl subscribed n. 21,739,130 new shares at a price of € 0.92 for an overall value of € 19,999,999.60.

The deliberated share capital, subscribed and paid-in, is therefore equal to € 252,799,999.60 for a number of shares equal to 254,539,130.

Web branch start of operations – "Cambianonline"

During the month of May 2023, the Bank activated the "WEB Branch" channel dedicated to the management of customers acquired through the digital channel. Taking advantage of the occasion, the home banking interface graphics were also renewed, new functions were launched related to updating of personal information data and internet banking questionnaires (privacy, FATCA/CRS, KYC), a function was released for the sale of some Bank products through the "Cambiano Store", a new product placement function available internet banking (customers can independently purchase bank accounts, international credit cards and time deposits).

Srep 2023

On 15 June 2023, the Supervisory Authority transmitted the Measure containing the "new" regarding capital requirements in force from the Supervisory Notifications issued as at 30 June 2023.

The new mandatory requirements specified for prudential consolidation that includes Ente Cambiano specified by Bank of Italy are:

- CET 1 ratio: OCR CET1 ratio equal to 8.00% ;
- Tier 1 ratio: OCR T1 ratio equal to 9.90%;
- Total Capital ratio: composed of an OCR TC ratio equal to 12.30%.

The above requirements are already met as at the date of reference of these financial statements.

Transfer of in bonis receivables

On 28 June 2023, the Bank perfected the transaction for the transfer of in bonis receivables with the counterparty Illimity Bank, to which n. 288 loans were transferred, for a residual value at the date of transfer of approximately 45.3 million euro. This transaction was performed for the purpose of streamlining operations and reducing costs, to complete a subsequent securitisation transaction perfected in the second semester. This transfer falls within the scope of the Funding Plan and is consistent with the strategical lines adopted

Securitisation transaction

Within the scope of the current Funding Plan, in September a securitisation transaction called "Pontormo SME 2023" was perfected, that transferred unsecured loans from a portfolio of receivables classified as "in bonis" pursuant to applicable supervisory regulations, backed by the guaranty issued by the Central Guaranty Fund for

SMEs. The scope and the characteristics of the transaction is approximately € 131 million, subdivided over approximately one thousand loans, with an average guaranty by the Fund of 83.87%. On transfer, the vehicle company issued two classes of asset-backed securities, in order to obtain the resources necessary to pay the Purchase Price: (i) a tranche senior tranche of € 100 million and (ii) a junior tranche of € 20.5 million. The issued securities are not subject to rating by any rating agency and have not been listed on any regulated market or multilateral trading system. The Senior notes were undersigned wholly by BPM and produce interest at a floating interest rate increased by a 125 bps spread on the Euribor, while Junior notes were undersigned by Banca Cambiano and pay an additional return (so-called variable return) calculated according to the provisions contained in the Securitisation Document.

Placement of the Green Bond

In September 203, the placement of a first “Green Bond” was concluded, for an amount of 25 million euro. The sums collected are destined to fund transactions that meet “sustainability” requirements and are illustrated in the “Green Bond Report – Year 2023”.

Placement of an AT1 perpetual debenture loan

In October 2023, an AT1 perpetual debenture loan was placed for € 10 million euro.

RSPP – Prevention and Protection Service Manager

As of 1st January 2024, the engineering company SE.AL. SRL was appointed in replacement of the previous contract.

Purchase of the branch of business called “BCC FOR WEB”

On 5 June 2023, the Bank perfected the purchase transaction of the business branch called BCC For Web from Banca di Pisa e Fornacette, with which over 17 thousand customer contacts with development potential were purchased, which generated a cash flow equal to about 174 million euro, in addition to indirect deposits for approximately 110 million euro.

The analysis of this transaction began at the end of 2021, almost alongside the project for activation of a Bank web channel for the sale of products, with the aim of optimizing the investment in this project. The transaction for the purchase of the business branch, in fact, has allowed the new digital distribution channel to start with an active volume of customers in terms of both number of relations and volumes, that can be developed particularly in terms of asset management, with a prospective for greater development right from the operational starting line.

The accounting details for the transaction, performed in application of the IFRS3 accounting principle, are illustrated in Part G – “Merger transactions regarding businesses or company branches” of the Explanatory Notes.

Eurovita-Kronos

During 2023, the company Eurovita was involved in a system operation aimed at safeguarding the underwriters of the company’s policies. The company, which – especially considering the abrupt increase in interest rates and the “structure” of commitments towards policyholders – recorded a progressive deterioration of liquidity indexes and was subsequently the recipient of a provision for Extraordinary Administration and dissolution of the administrative and supervisory bodies of the company. Within the scope of this provision, (i) all requests for the surrender value of policies submitted during the period by company customers were suspended until 30 June 2023 – a deadline subsequently postponed to the end of October 2023 – with the intent of avoiding the further aggravation of the financial and economic imbalance of the company, and (ii) a comprehensive analysis was carried out at a system level, aimed at identifying a scheme to salvage operations, with the primary objection of guarantying full safeguarding of the rights of policyholders and restoring ordinary operations for policies in force as quickly as possible.

In particular, on 30 June 2023, as requested by the Ministry of the Economy and Finance and the Ministry of Business and Made in Italy, as well as with the collaboration of the Eurovita Surveillance Committee and Special Commissioner, an agreement was reached – by means of the underwriting of non-binding term sheets – between parties such as the five leading Italian insurance companies, and the banks distributing Eurovita policies. Our Bank participated, although it has never distributed Eurovita policies, as it did at one time acted as intermediary for policies by Skandia Vita and Pramerica Life, companies that in time were incorporated by their own autonomous decisions, into Eurovita. The motivation behind the adhesion is a marked sense of “social responsibility” to avoid possible repercussions on the subscribers of said policies brokeraged by the Bank.

Below is a synthesis of the dynamics of the solution in question: the agreements provide for – on the one hand – the disposal, against payment of consideration, of the business branch constituted by the almost totality of

Eurovita assets in favour of a “newco” company called Cronos Vita, the share capital of which is held by the companies Intesa Sanpaolo Vita, Generali Italia, Poste Vita and UnipolSai, each for 22.5% and by Allianz for the remaining 10%, against a dedicated capital increase and – on the other hand – the transfer of credit lines in favour of Cronos Vita on the part of the financial institutions distributors of Eurovita policies (Banca Cambiano had distributed policies of the companies Skandia Vita Spa and Pramerica Life, subsequently incorporated by Eurovita) to meet potential surrender value requests for Branch I and V policies placed by each institution. It must be specified that Cronos Vita is a bridge-vehicle: on conclusion of the operation, indicatively at maximum within 18-24 months, the insurance portfolio of Eurovita will be, in fact, purchased by the aforementioned five insurance groups. Finally the agreements that have been underwritten also provide for a specific framework of commissions, supplementary to the existing distribution agreements, that the distributing banks will pay to Cronos Vita for servicing activities, with the intention of safeguarding and reactivating commercial relations with the customers who have underwritten the policies.

On 28 September 2023, Cronos Vita filed an application with IVASS (institute for insurance supervision), for the authorisation to exercise insurance activities, which was, on completion of the required procedure, issued on 17 October 2023. On 31 October 2023, subsequent to the issue of the authorisation for the transfer of corporate assets from Eurovita to Cronos Vita on the part of IVASS, and to the stipulation of the definitive binding agreements, the transfer of the branch of business was perfected, along with the simultaneous increase in share capital underwritten by the companies, that represents the second and last tranche of an overall capital increase of 220 million euro, the economic-financial adequacy of which was backed by a specific opinion issued by an independent expert. On the basis of the undersigned contracts, and of the analysis of the commitments undertaken, there are no arising or consequent charges that burden the Group. Within the scope of the scheme that has been outlined, the overall involvement of Banca Cambiano is in the role of “distributor”, through the concession of a loan at market conditions to Cronos Vita for an amount of approximately 31 million, granted against surrender value requests by customers during the months of November and December; the Bank will also be required to pay the fees provided for in the agreements.

Transfer of NPL receivables (non-performing loans and UTP)

In compliance with the requirements of the Strategic Plan for 2023-2025, approved by the Board of Directors on 14 April 2023, with the aim of reducing the incidence of impaired receivables on the total lending portfolio, during 2023 the Bank perfected the following transactions:

- 06/12/2023 marked the conclusion of the subscription transaction regarding shares in the alternative investment fund (“FIA”) called “Fondo Persefone”, established by P&G SGR S.p.A, for a counter-value of € 10.01 overall, through the contribution in kind to receive the purchase price of €10.01 million arising from the transfer of a portfolio of receivables classified as “unlikely to pay” to the special purpose vehicle company Caleen SPV for a counter-value of € 15.30 million, and amortization equal to € 3.88 million, resulting in a loss on disposal of € 1.72 million, booked at line item 100 a) “Gains (losses) on disposal or repurchase of financial assets measured at amortized cost” in the income statement;
- 22/12/2023 marked the conclusion of the transaction for the transfer of receivables classified as non-performing, for a gross overall exposure of € 21.75 million and n. 199 accounts belonging to 120 positions, amortised for € 14.08 million, transferred by the Bank to the vehicle company POPP-1 Srl belonging to the Gruppo Pam Spa, at a price of € 3.81 million, with a loss on disposal equal to € 3.79 million, booked at line item 100 a) “Gains (losses) on disposal or repurchase of financial assets measured at amortised cost” in the income statement.

Extraordinary tax

Article 26 of Law Decree n. 104 of 10 August 2023 – converted with modification to Law 136 of 9 October 2023- introduced an extraordinary tax for the 2023 fiscal year, commensurate to the increase in the interest income of banks.

During the conversion process, the Law introduced the faculty, in lieu of payment of the tax, to allocate an amount, on approval of the 2023 balance sheet, not inferior to 2.5 times the amount of the tax itself, to a non-distributable reserve, that meets the conditions provided for by EU Regulation n. 575/2013 (CRR) for inclusion in primary Tier 1 Capital (so-called CET1 capital).

On the basis of the above, during the meeting held on 9 November 2023, the Board of Directors confirmed the intention to make use of the faculty provided for by Art. 26 (5 bis) of Law n. 136/2023, and to submit to the Shareholders’ Meeting the creation of a non-distributable reserve in lieu of payment of the extraordinary tax by 30 June 2024.

Further details are provided in Section A of the Explanatory Notes.

Cooperative Compliance: the “cooperative compliance” regime

The Bank, in so far as Parent Company, and considering the growth in size over the last year, is therefore of the greater fiscal to which it is exposed, initiated the procedures for adhesion to the Cooperative Compliance regime, provided for in Italy by regulation on Cooperative Compliance that was introduced with Legislative Decree n. 128 of 5 August 2015, which has formally provided for the regime in question in Italian legislation. The completion procedure is in progress.

ESG Project (Environmental, Social and Governance)

Climate and environmental risks are increasingly in the forefront of issued to be monitored effectively, in primis by financial intermediaries. The vastity of investments aimed at favouring the energy and ecological transition through serious decarbonisation policies regarding production cycles, has required, and is to date requiring, the active involvement of the credit industry, to both increase awareness of the associated risks, and ensure that nothing obstacles the objective of acquiring adequate resources to finance those economic activities that most contribute to the vision of a sustainable future.

Banca Cambiano recognises that the integration of risks associated to environmental, social and governance factors (so-called « ESG risks» - Environmental, Social, Governance) in strategic processes and risk management systems is essential in terms of an ever greater understanding of the context of operation, a more aware and pondered assumption of risks, and a greater efficacy in responding to the needs of customers and of the communities.

Also in consideration of the growing attention focused by regulatory authorities and public opinions on such issues, the Group is progressively incorporating the assessment of risks associated to climate change and environmental, social and governance issues in the formulation and implementation of its credit, financial and investment policies, as well as in the services offered to customers, through an analysis of exposure towards the more vulnerable sectors, markets and counterparties, the comprehension of potential short and long-term impacts, the identification and integration of these factors within the risk management processes.

Within the scope of activities conducted on issues associated to ESG factors, a special group (Sustainability Committee) is managing the executive and monitoring activities regarding compliance plans, in line with the bank’s strategic guidelines on «sustainability».

The Plan of Initiatives, perfected in May 2023, represents the whole of the activities that have been planned for the development and implementation of a series of organisational, procedural and methodological solutions aimed at full compliance with the non-binding Supervisory provisions, over a multi-year period.

Below is a summary of the principle activities conducted by the Bank in 2023, subdivided into the following thematic areas assessed by the supervisory authority.

A) Corporate context and strategy: Within its organisation, the Bank has identified a managing committee, the Sustainability Committee, chaired by a board member with the task of monitoring climate and environmental, social and governance risks. Among the main activities of the Committee are the coordination and supervision of the ESG Project in the Bank, and supporting the Board of Directors in exercising the strategic supervision functions on issues related to sustainability (ESG). In terms of internal policies, the Group policy regarding ESG issues and finance policies has been updated (own portfolio and customer portfolio). Furthermore, a review of credit policies is being prepared which, in line with European “sustainable finance” regulations and market trends, will define the approach and general principles for the formulation of credit granting and monitoring processes alert to ESG factors. In terms of strategy, the Bank has included specific sustainable credit products within its catalogue, aimed at aiding private individuals, professional figures and businesses who wish to invest in reducing their own «carbon footprint» for example, by installing renewable energy system, purchasing ecological vehicles, or rendering their homes or places of work more energy efficient.

In April 2023, the Bank issued its first Senior Green Bond for an amount equal to 25 million euro. The issue of the Green Bond was governed by a Framework aligned with the Green Bond Principles. The decision to undertake this initiative derived not only from the economic and financial convenience, but also from the knowledge of having, within its customer portfolio, numerous virtuous businesses, attentive to the environment and the territory and to collective wellbeing. During the month of April 2024, the first impact report (Green Bond Report) will be published, providing an in-depth illustration of the characteristics of the financing that constitute the portfolio to which the income from the Green Bond has been allocated, the impact in terms of reducing the carbon footprint, and an in-depth look at some particularly virtuous projects.

B) Corporate governance, risk propensity, governance reporting and data: significant novelties were adopted during the last fiscal period in terms of the definition of risk propensity (Risk Appetite Framework). The ESG qualitative objectives were integrated, for the purpose of favouring more and new assessments of ESG risk levels to orient strategic choices, with the aim of limiting the impact of these factors on exposure to credit and investment, strategic, reputational and legal risks. In terms of the data management infrastructures and processes, the database of sustainability risks was further enriched by using specialised info-providers, laying the foundations to allow information technology systems to increasingly meet the need to systematically collect, process and aggregate the data required to assess exposure to ESG risks, acquiring information in an ordered manner through exchange channels, and placing it in special ICT environments, to be available for multiple processes and users. Also close to completion is a data dictionary that gathers all IT needs connected to the integration of ESG issues into corporate processes, to allow any user to comprehend the origin and granularity of the data available. As regards internal reporting, the Bank has equipped itself with a periodical reporting on the evolution of ESG risk levels, that is now a part of the reporting system to top management of the overall trend of bank risk levels, by means of which the Directors are regularly informed as to ESG risks – and particularly those related to the climate and the environment– that characterize the Bank0s exposures and counterparties, by measuring metrics and conducting quantitative analyses on the incidence of these unique risk factors..

C Risk management system: on this matter, the Bank is currently, systematically integrating sustainability risks within the company risk management system, seeing as said risks – with special focus on climate and environmental factors – are liable to impact the exposure to traditional prudential risks (in particular, credit, market, operational and liquidity risks). The methods available to quantify the risk exposure level, even forward-looking, grow day after day, increasingly incorporating ESG factors into the evaluation of the exposure to various risks and the monitoring thereof, by processing analyses of the type and degree of materiality of sustainability risks to which the bank and its portfolio are most vulnerable. In addition to, and as a development of the aforementioned ESG risk mapping and classification on a sector level (so-called «Heat Map ESG»), an internal method has been elaborated to create synthetic scores that are representative of ESG risk levels in terms of single counterparties. This scoring system, development primarily to measure individual vulnerability to climate and environmental risk factors, will allow forecast estimating the potential financial impact associated to the exposure of credit counterparties first to transition and physical risks and subsequently to overall ESG risks. The monitoring of ESG risks associated to portfolios of exposure to credit risk and financial instrument investment risk is further supported by external tools and information services (e.g. non-proprietary ESG rating systems for the assessment of the risk level of the investments and financial assets in the portfolio) that are useful to ensure a systematic calculation of the degree of exposure by using tools, metrics and algorithms to measure risk levels that can feed into the internal monitoring and reporting systems. Climate and environmental risks in particular, based on the results of the analyses specifically conducted, will be incorporated into the next internal capital adequacy assessment processes (ICAAP) and internal liquidity adequacy assessment processes (ILAAP) through a specific impact quantification (for example, on the traditional risk parameters of the credit portfolio and guarantees) based on the application of forward-looking scenarios of climate transition and/or on hypotheses as to the severity of the effects of relevant physical risks.

The framework of reference for the measurement, control and monitoring or risks associated to climate-environmental, social and governance factors, and the related activities aimed at integrating them into the strategic processes, and risk management systems will be progressively completed and perfected according to the currently programmed compliance interventions, aimed at:

(i) Perfecting the processes and relevance surveys related to climate and environmental risks with respect to how likely they are to manifest themselves within the scope of traditional risk categories;

(ii) a greater integration of climate/environmental change objectives in the company business model through the estimation of performance indicators and targets;

(iii) enriching the risk propensity parameters, metrics and scenario-based analyses quantifying the impact of climate and environmental factors;

(iv) perfecting the methods and instruments used to assess and perfect technical-architectural solutions to collect and manage the ESG information database;

(v) an ever greater integration of climate and environmental assessments into credit policies and procedures (procedure for new loan grants, monitoring of sector and geographical concentration levels of the credit portfolio, assessment of guarantees backing loans, mitigation of loanee climate-environmental risks, etc.) as well as engineering IT, infrastructural and data management solutions to support this process.

D) Credit risk: supervisory guidelines require banks to proceed ever more resolutely towards the integration of ESG risks, and in particular risk factors associated to environmental and climate issues, into credit processes and the respective risk measurements. As regards the development of methods to analyse and measure the potential effects of these risks, the Bank has made significant progress. Said progress refers mainly to the definition of ESG quantitative scoring systems that are necessary to assess customers also taking into consideration ESK risk factors that are relevant within the context of preliminary procedures underlying lending decisions. A first matrix tool (so-called «Heat Map»), developed internally, has provided a classification by sector of economic activities in terms of their respective ESG risk level, by attributing specific scores to risk brackets, which is useful, not only for the portfolio analysis, but also to conduction the preliminary activities that determine the significance of ESG factors in terms of the exposure to credit and market risks. Currently, the model for the calculation of the new score is based on a combination of data acquired principally through external companies specialised in providing financial and sustainability data; to this end, the Bank and established collaborations with qualified ESG data info-providers to collect the necessary information base (precise information and/or adequate proxy information or estimations, lacking more reliable precise data). The methodology that has been perfected also entails the possibility of defining a more accurate scoring system, by having counterparties fill out specific questionnaires on granting of a new loan, or on other possible contact occasions, to collect additional or more up-to-date ESG data with respect to those provided by the external providers. To this end, a first target of counterparty companies is about to be engaged, to directly collect sustainability information, also for the purpose of testing the tools and processes for ESG data collection that have been identified, and verifying the response times and methods of contacted businesses. The scoring of each counterparty will be progressively integrated in the decision-making processes, therefore redefining the escalation logic of the authorised organs/subjects, the respective delegated powers, and the lending pricing models to be applied to credit transactions with businesses.

Transactions and initiatives on equity investments

Transfer of Cabel IP S.p.A.

On 2 March 2023, pursuant to receiving the authorisation to proceed with the transaction by Bank of Italy, the transfer of the shareholding Cabel IP Spa, equal to 25.48%, to the company Scalapay Limited, was perfected; this transaction was deliberated in February/May 2022, accepting the offer received from Scalapay. The transaction was concluded with a profit of € 99,483.

Transfer of shareholding in Invest Italy SIM S.p.A.

On 31 October 2023, the transaction for the transfer of the controlling shareholding in Invest Italy SIM Spa to the company First Capital Spa, a financial holding company specialized in Private Investments in Public Equity and Private Equity, was completed. After having received clearance for the transaction from Bank of Italy, the transaction entailed the transfer of 88.50% of Invest Italy SIM capital to First Capital Spa, implementing the agreements perfected in March 2023 between the Bank and First Capital.

The consideration of the transaction, equal to about € 1.1 million, was paid by exchange, with the transfer to the Bank Banca of n. 46,310 First Capital treasury shares, valued € 23.0 each. The Bank is therefore a shareholder in First Capital with a 1.60% shareholding. This transaction had no impact on the income statement.

The Bank still holds 10% interest in Invest Italy SIM.

Transfer of Gardena Capital LTD

On 24 May 2023, the Bank undersigned the contract for the transfer of the shareholding in Gardena Capital LTD – equal to 39% - to the company Kite Limited. The contract provides for the transfer of n. 273,000 shares, for a total amount of € 260 thousand, generating a profit of € 11 thousand, with negligible impact on the consolidated financial statements.

Cabel Industry S.p.A.

Company controlling interest was purchased by Quid Informatica Spa, following a three-way agreement with the Banca and Cabel Holding, which entailed two connected transactions:

The transfer by Cabel Holding Spa of n. 2.014.286 shares in Cabel Industry to Quid Informatica;

Capital increase of n. 2,014,286 shares, wholly subscribed by Quid Informatica, following waiver of the right of option of other Cabel Industry shareholders.

As better explained in the Explanatory Notes, the above transactions did not impact the income statement for the 2023 fiscal year.

Subsequent to these transactions, the share held by Banca Cambiano in Cabel Industry was reduced to 8.04% from the previous 11.49%. Simultaneously, the indirect shareholding, through interest held in Cabel Holding, was also reduced from 50.89% to 20.74%.

Finamca S.p.A. subscription of share capital increase

On 27 September 2023, the share capital increase of the company Finamca Spa was subscribed (shareholding held prior to the “way out” operation) relative to its share equal to 5.06%. This transaction entailed the issue of n. 200 thousand new shares, with a share capital increase from € 2 million to 2.2 million, with an impact of € 10,127. This transaction has no strategic relevance and the subscription was made to maintain the original percent of shareholding.

Partnership with Finanza e Previdenza

On 21 December 2023, the Bank purchased a 2% shareholding in the company Finanza e Previdenza Srl to develop a partnership for a “Bancassurance” project capable of generating a marked acceleration in the volumes and revenues generated by the Bank in this sector, in accordance with the objective of diversifying revenue sources.

Commercial policies

Add to the above-mentioned issues the restrictive economic policies of the USA and European Union which, summed to stricter funding conditions and the high incidence of inflation on household purchasing power, have contributed to weakening the growth and GNP in the Eurozone as well. A slowdown in the growth rate has been recorded at a national level as well, due to the weak internal demand, the reduced purchasing power of families, the cooling down of the labour market, and the contraction in exports, given the international scenario.

The 2023 fiscal year was also characterised by the incisive recovery of interest rates, which started in the last months of 2022 and continued for the entire year; the Euribor 1 month /365 rate’s monthly average increased from 1.984% in January to 3.912% in December 2023. One peculiarity of this scenario is, however, the inverse tendency of long-term rates: the IRS at various durations in fact decreased during the year, albeit only slightly and mostly on long-term maturities; the IRS at 20 years decreased from 2.72% in January to 2.44% in December 2023. The same growth trend also involved the government bonds market, with an increase in gross returns in the secondary market on all types of notes; the Rendistato index increased during the entire year, and then began to decrease again at years’ end.

The increase in interest rates lead to a significant increase of both the average rate on bank lending (where in the new loans to businesses sector the average rate returned to levels similar to those recorded in 2007), and the rate on bank deposits.

At a Bank level, this phenomenon produced indirect effects on insurance product trends as well, including insurance investment products, as illustrated herein following.

Bank Deposits and Savings Sector

Within the social and economic scenario described above, with particular reference to market interest rates, the bank deposits and savings sector manifested some salient features.

- Downturn of stock volumes in Insurance Savings, especially Life Insurance products, due to the loss of competitiveness of yields from portfolios resulting from the new market interest rates, and the consequent greater yield offered by investment insurance products. This contraction was partially offset during the last quarter of the year by the underwriting of an agreement with Nobis for the placement of the Branch I “Opportunity Safe” policy.
- Broadening of the Bank’s offer of term savings and deposit products, particularly Time Deposits, offered with various durations and interest rates in line with market rates. This resulted in a significant increase of masses in direct deposits (+4.2% with respect to the end of the previous year), concentrated on term-type products such as deposits and bonds, only in part to the detriment of liquidity in bank accounts.
- Placement of the first bond issue by the Bank called a “Green Bond”, implementing the ESG program, aimed at retail customers and with particularly significant step-up yields, also defined in consideration of the objectives of the investment. The funds collected through this bond, as provided for by ESG regulations, must be used exclusively to finance activities or projects that are “eligible” for the purpose of ESG, that is, that meet the eligibility criteria of the Green Bond Framework adopted by the Bank (attributed to sectors such as sustainable construction, renewable energy, energy efficiency, clean haulage, eco-sustainable management of natural resources, pollution prevention and control, sustainable water and management of waste water).
- Activation of the new Banca Web channel, realised through the purchase of the business branch of another banking institution, that lead to the acquisition of direct deposits in the amount of 173 million euro, subdivided into approximately 12,000 bank accounts. In line with the market conditions applied by

banks in this channel, these deposits yield rates that are higher on average than those held in "physical" branches (average rate on bank accounts acquired with Banca Web is about 50 bps higher than the average rate on bank accounts in the physical network). Aside from the volumes, this channel constitutes a significant opportunity for the Bank, allowing the Bank to grow the technological level of its offer, and extend operations to new customers, in particular in younger age brackets, and even populations that are geographically farther away.

Lending Sector

As mentioned, in a short time the economic situation passed from deflation to a battle against inflation: from a negative rate of 0.50% in September 2019, after the stop for the pandemic, rates increased by 450 basis points, in an escalation over the last year and a half, so much so that, today, rates in Europe are at 4.5%, that is, the highest ever recorded in the history of the European Union.

This rapid increase of rates resulted in a general contraction in system lending, as statistical data have amply illustrated. The Bank, in line with system trends, recorded the rise in rates, that also had heavy repercussions on the families sector, as mortgage loan instalments rose by up to 50/60%. Within this context, the Bank confirmed its increasing attention to families and businesses, and launched an initiative, in favour of private customers who applied for it, called "instalment block", that entailed "freezing" the amount of the last paid instalment for a period of 12 months, "spreading" the greater accruing interest connected to the rise in rates over the entire residual life of the mortgage loan.

With the aim of growing the trading income over the year, a further boost was aimed at consumer credit and salary secured lending, through third party companies, in addition to increasing interest towards advance payment of employee severance.

Purchase of receivables deriving from tax bonuses

During 2023, the Bank continued to purchase tax bonus receivables from its customers, through a process strictly supported by thorough documentation. At 31/12/2023, the nominal value of receivables purchased by the bank starting December 2020 was equal overall to € 266 million, of which € 114 allocated in the HTC portfolio, and € 152 million allocated in the trading portfolio. These amounts are in any event always kept below the bank's fiscal capacity, calculated prudentially.

In particular, during the fiscal year, the Bank purchased tax credit receivables for overall € 141.084 million in nominal value (€ 113.468 million charge value) of which €50.318 million allocated in the HTC portfolio, and € 90.765 million allocated in the trading portfolio.

Operations increased by 41.72% as compared to the previous fiscal year, in which receivables for a nominal total of € 99.552 million were purchased (charge value € 82.616 million).

These operations were possible also thanks to the agreements undersigned with leading companies to which the part of receivables purchased from customers was transferred (receivables allocated in the trading portfolio). In particular, during 2023, receivables for a total of € 76.051 million (€ 44.123 million in 2022) were transferred, with an increase compared to the previous fiscal period of 72.36%, generating a revenue of € 4.487 million (€ 2.097 million in 2022).

As regards receivables allocated in the HTC portfolio, during the fiscal year the Bank accrued earned interest for a total of € 3.431 million (€ 1.307 million in 2022).

Financial activities

During the period in review, financial activities were characterised by a progressive reduction in long-term loans granted to the banking system by the European Central Bank during the pandemic period. The Bank's financial liquidity therefore progressively decreased, to meet reimbursement obligations for TLTROs (targeted longer-term refinancing operations), operations that offered credit institutions in the Eurozone a mechanism to transmit the money policy, while also sustaining the disbursement of credit to the real economy. At 31 December 2022, the booked amount for TLTROs was approximately 954 million euro, while at the close of the 2023 fiscal year, the amount dropped to 549 million euro.

The Bank's portfolio at the end of 2023 has a flat price of 807 million euro, with 43% recognised in the HTC portfolio HTC, and the remaining 57% in the HTCS portfolio (held to collect and sell). Italian government bonds make up 98% of the portfolio.

The average duration of the Bank's securities portfolio decreased slightly, and the modified duration at the end of 2023 is around 2.44; more specifically, the duration showed a decreasing trend up to October 2023, reaching a value of 1.97, to then rise again through an increase of the HTC portfolio (held to collect). The internal rate of return of the Bank portfolio at the end of 2023 is equal to 3.31%, stable with respect to the value recorded at the end of 2022. The VAR (value at risk) 99% at 10 days of the Bank portfolio measured at years' end is 20.8 million euro.

Despite the erratic trend of rates during the fiscal year, the strong decrease of losses, generated as a result of the steep rise in rates in 2022, continued. In particular, in the HTCS portfolio, losses decreased from approximately 30.9 million euro to 11.9 million euro, particularly thanks to the reduced financial duration of the securities component.

Trading on securities recorded an overall result of 5.6 million euro, of which approximately 900 thousand euro were generated by trading activities, with an average net exposure (long-short) that can be represented, on average, by 0.09 parcels of future equivalents. Brokerage desk activities contributed to the result for an amount of 2 million euro.

Trading in foreign currency registered a positive result, for over 2 million euro.

The table below summarises the assessment of ESG scores for securities held in portfolio at 31/12/2023 (90% hedged):

Type	N.	Book value	% on total	Average ESG Score	Evaluated	Analysis %
Listed shares	1	828,949	0.09%	60.44	1	100.00%
Unlisted shares	5	13,334,202	1.37%	53.77	1	0.00%
Total shares	**6**	**14,163,151**	**1.45%**	**60.44**	**2**	**5.86%**
Total shares in mutual funds	**8**	**24,672,569**	**2.53%**	**33.36**	**1**	**8.39%**
Corporate bonds	47	38,316,175	3.93%	72.69	43	92.25%
Government bonds	37	896,600,101	92.04%	83.40	37	95.90%
Total Bonds	**84**	**934,916,276**	**95.97%**	**82.99**	**80**	**99.68%**
Total Portfolio	**98**	**974,136,671**	**100%**			

All the (principal adverse impact) indexes of government bonds are hedged for 90%, while the PAI of corporate bonds are hedged for over 90% for the climate part. Analysed percentages vary from 10% to 67% on the other analysed aspects.

Credit and financial brokerage activities

Analysis of balance sheet and income statement line items

The principal line items of the balance sheet and income statement as at 31 December 2023 are illustrated following, in thousands of Euro, comparing them to the comparative data also provided.

For greater clarity in the illustration of the results for the fiscal year, the accounting schedules required for by Bank of Italy Circular 262/2005 are shown in the reclassified format ([8]) Specifically:

- Demand receivables from banking counterparties (included in line item 10 "Cash and cash equivalents" were reclassified in line item "Loans a) receivables from banks";
- Debt securities measured at amortised cost (included in line item 40 "financial assets measured at amortized cost") are reclassified in line item "Financial assets";
- Financial assets obligatorily measured at fair value (included in line item 20 c) "Financial assets measured at fair value with impact on the income statement – other assets obligatorily measured at fair value") are reclassified in line item "Loans";
- Receivables for "Tax bonuses", included in line item 120 "Other assets" are reclassified in line items "Financial assets held for trading" and "Loans d) Other assets" on the basis of the business model adopted for management of the same;
- Payables to institutional counterparties (included in line item 10 "Financial liabilities measured at amortised cost b) payables to customers) were reclassified in line item "Payables to banks and institution counterparties b) payable to institutional counterparties");
- The line item "Other liabilities" includes line items 60 "Tax liabilities" and 80 "Other liabilities";
- The line item "Liability reserves" includes line items 90 "Employee severance pay" and 100 "Reserves for Risk and expense Funds".

[8] For further details on the method of exposure of the reclassified schedules, please refer to the Annex "Reconciliation between reclassified balance sheet and income statement schedules and balance sheet schedules".

Reclassified Balance Sheet

(data in thousands)

Asset line items	31/12/2023	31/12/2022	Amount variations	% variations
Cash	15,516	12,825	**2,691**	**20.98%**
Financial assets	**994,574**	**1,132,289**	**-137,716**	**-12.16%**
a) financial assets held for trading	103,754	87,874	15,879	18.07%
b) financial assets measured at fair value	0	0	0	0.00%
c) other financial assets obligatorily measured at fair value	29,372	71,475	-42,103	-58.91%
d) Financial assets measured at fair value with impact on overall profitability	474,949	612,350	-137,401	-22.44%
e) Financial assets measured at amortised cost	386,499	360,590	25,909	7.19%
- Banks	3,683	6,720	-3,037	-45.20%
- Customers	382,816	353,870	28,946	8.18%
Loans	**3,587,680**	**3,530,756**	**56,924**	**1.61%**
a) receivables from banks	405,145	171,276	233,869	136.54%
b) receivables from customers	3,035,687	3,251,311	-215,624	-6.63%
c) Loans obligatorily measured at fair value	68,212	69,498	-1,286	-1.85%
d) Other assets	78,636	38,670	39,965	103.35%
Equity investments	48,172	49,716	-1,543	-3.10%
Property, plants and equipment	62,376	64,960	-2,584	-3.98%
Intangible assets	4,852	4,082	770	18.86%
Tax receivables	19,316	32,876	-13,560	-41.25%
Non-current assets and groups of assets in the course of divestment	0	0	0	0.00%
Other assets	76,849	44,233	32,616	73.74%
TOTAL ASSETS	**4,809,335**	**4,871,738**	**-62,402**	**-1.28%**

Liabilities and shareholders' equity line items	31/12/2023	31/12/2022	Amount variations	% variations
Payable to banks and institutional counterparties	**910,016**	**1,246,699**	**-336,684**	**-27.01%**
a) payable to banks	605,354	1,053,369	-448,015	-42.53%
b) payable to institutional counterparties	304,662	193,331	111,331	57.59%
Direct deposits	**3,508,577**	**3,360,822**	**147,755**	**4.40%**
a) payable to customers	3,336,156	3,202,249	133,908	4.18%
b) outstanding securities	172,421	158,574	13,847	8.73%
Financial liabilities from trading	442	98	345	353.00%
Tax liabilities	66	1,499	-1,433	-95.62%
Liabilities associated to assets in the course of divestment	0	0	0	0.00%
Other liabilities	110,563	44,035	66,528	584.09%
Provisions for liabilities	10,367	11,390	-1,023	0.00%
TOTAL LIABILITIES	**4,540,031**	**4,664,543**	**-124,512**	**0.00%**
Shareholders' equity	**269,304**	**207,194**	**62,110**	**0.00%**
Valuation reserves	-7,783	-20,516	12,733	42.44%
Redeemable shares	0	0	0	0.00%
Capital instruments	40,000	30,000	10,000	1244.96%
Reserves	-38,591	-53,655	15,064	6.47%
Premiums on issue of shares	803	803	0	0.00%
Share capital	252,800	232,800	20,000	0.00%
Treasury shares (-)	0	0	0	0.00%
Fiscal year profit or loss	22,075	17,762	4,313	24.28%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,809,335**	**4,871,738**	**-62,402**	-1.28%

Financial assets

The Financial assets line item includes all financial assets held by the Bank and allocated in the various business lines. As at 31 December 2023, this line item a decrease with respect to 31/12/2022, of € 137 million (-12.06%).

This drop was principally due to redemption of maturing securities allocated in the HTCS portfolio, with impact on OCI (€ 134 million), and the decrease of securities obligatorily measured at fair value (- € 42 million). During the period, government bonds allocated in the HTC portfolio showed a € 29 million increase.

FINANCIAL ASSETS				
data in €/000				
Type of transaction/assets	**31/12/2023**	**31/12/2022**	**Absolute var.**	**% var.**
Debt securities	**934,718**	**1,025,167**	**-90,449**	**-8.82%**
a) Securities held for trading	83,941	66,519	17,422	26.19%
b) Securities measured at fair value	0	0	0	0.00%
c) Securities obligatorily measured at fair value	3,651	3,874	-223	-5.76%
d) Securities measured at fair value with impact on overall profitability	460,627	594,184	-133,558	-22.48%
e) Securities measured at amortised cost	386,499	360,590	25,909	7.19%
- Banks	3,683	6,720	-3,037	-45.20%
- Customers	382,816	353,870	28,946	8.18%
Capital securities and shares in mutual funds	**40,043**	**86,120**	**-46,077**	**-53.50%**
a) Securities held for trading	0	354	-354	-100.00%
b) Securities measured at fair value	0	0	0	0.00%
c) Securities obligatorily measured at fair value	25,722	67,601	-41,880	-61.95%
d) Securities measured at fair value with impact on overall profitability	14,322	18,166	-3,844	-21.16%
Derivative instruments	**618**	**683**	**-64**	**-9.40%**
a) Financial derivatives for trading	618	683	-64	-9.40%
b) Financial derivatives for trading	0	0	0	0.00%
Other assets	**19,194**	**20,319**	**-1,125**	**-5.54%**
a) Other assets held for trading	19,194	20,319	-1,125	-5.54%
Total financial assets	**994,574**	**1,132,289**	**-136,526**	**-12.06%**

Loans b) receivables from customers

The line item **Loans b) Receivables from customers** includes loans measured at amortised cost to ordinary customers.

At 31 December 2023, receivables from customers amount to € 3,036 million, due to new disbursements for approximately € 170 million, and reductions due to regular returns, the transaction for the transfer of in bonis receivables for approximately € 45 million, as provided for in the Funding Plan, and the transaction for the transfer of NPL receivables concluded in the last quarter of the fiscal year, for a total of € 37.4 million, of which € 21.8 million NPLs and € 15.6 million UPT, in accordance with the Strategic Plan. The aggregate datum therefore shows a reduction of € 216 million (- 6.63%) as compared to 31 December 2022.

LOANS: B) RECEIVABLES FROM CUSTOMERS				
data in €/000				
Type of transaction/assets	**31/12/2023**	**31/12/2022**	**Absolute var.**	**% var.**
1. Bank accounts	697,365	661,328	36,037	5.45%
2. Mortgage loans and Loans	1,792,293	2,096,851	-304,559	-14.52%
3. Portfolio	8,712	8,999	-287	-3.19%
4. Securitised mortgage loans	112,668	0	112,668	0
5. Self-securitised mortgage loans	341,276	403,152	-61,876	-15.35%
6. Other loans	48,215	53,526	-5,311	-9.92%
7. Gross non-performing loans	95,016	122,035	-27,019	-22.14%
8. Impairment loss on non-performing loans	-47,266	-68,643	21,377	-31.14%
9. Overall impairment loss	0	0	0	0
17. UTP adjustments	-44,153	-44,467	314	-0.71%
18. PD adjustments	-1,412	-976	-436	44.73%
19. Bonis Stage 2 adjustments	-8,605	-13,144	4,539	-34.53%
20. Bonis Stage 1 adjustments	-7,765	-5,982	-1,783	29.80%
Total net lending vs ordinary customers	**2,986,343**	**3,212,678**	**-226,335**	**-7.05%**
10. Receivable from Pontormo RMBS	10,720	10,046	674	6.71%
11. Receivable from Pontormo SME	14,221	0		
12. Receivable from Poste	264	264	0	-0.05%
13. Receivable from C.C. & G.	24,138	28,323	-4,184	-14.77%
14. Receivable from C.D.P.	0	0	0	0
Total other net economic lending	**49,344**	**38,633**	**10,711**	**27.72%**
Total receivable from customers	**3,035,687**	**3,251,311**	**-215,624**	**-6.63%**

The table shows the effects of the "Pontormo SME 2023" securitisation transaction of a portfolio of performing mortgage loans for an original amount of 112.5 million euro, carried out in September 2023 and better illustrated in Part E, Section C – Securitisation Transactions.

Credit quality

The tables that follow illustrate the data regarding receivables from customers subdivided by category and specifying, for each, the gross value, the overall adjustments, the net value and the hedging, as well as a series of indicators intended to provide a summary representation of the quality of credit.

CREDIT QUALITY AL 31/12/2023				
	Gross exposure	**Overall adjustments**	**Net exposure**	**Coverage ratio**
CASH CREDIT EXPOSURES				
Stage 3 - Receivables from customers - Non-performing loans	95,016	47,266	47,750	49,75%
Stage 3 - Receivables from customers - UTP	125,958	44,153	81,805	35,05%
Stage 3 - Receivables from customers - Past-due	15,798	1,412	14,386	8,94%
Total impaired receivables	**236,773**	**92,831**	**143,941**	**39,21%**
Stage 2 - Receivables from customers	302,657	8,605	294,052	2,84%
Stage 1 - Receivables from customers	2,605,459	7,765	2,597,694	0,30%
Total in bonis receivables	**2,908,117**	**16,370**	**2,891,746**	**0,56%**
Total receivables from customers	**3,144,889**	**109,202**	**3,035,687**	**3,47%**
Stage 1 - Repurchase agreements	0	0	0	
Total Cash credit exposures	**3,144,889**	**109,202**	**3,035,687**	**3,47%**

Banca Cambiano 1884 S.p.A.'s impaired receivables from customers measured at amortised cost amount to a gross value of € 236.7 million, to which specific value adjustments have been associated, equal to € 92.8 million, with a resulting net value of € 143.9 million.

The degree of coverage (so-called "coverage ratio") of impaired receivables from customers measured at amortised cost at 31 December 2023 is equal to 39.21%. In particular, the aforementioned impaired receivables, classified according to the IFRS international accounting principle "Financial Instruments" in the so-called "third stage", include non-performing loans for a net value of € 47.8 million, with a un coverage ratio of 49.75% and probable defaults for a net value of € 81.8 million, with a coverage ratio of 35.05%.

Banca Cambiano 1884 S.p.A.'s in bonis receivables from customers measured at amortised cost amount to a gross value of € 2,908.1 million, to which portfolio adjustments have been associated, for € 16.4 million, with a consequent net value of € 2,891.7 million, showing a coverage ratio of 0.56%. Of these, receivables from customers for in bonis loans at greatest risk, essentially classified in the so-called "second stage", are equal to € 303 million gross, with a coverage ratio of 2.84%.

INDEXES FOR QUALITY OF CREDIT			
	31/12/2023	**31/12/2022**	**Delta**
% OF NET RECEIVABLES			
% Net non-performing loans on total net receivables	1.57%	1.64%	-0.07%
% Net watchlist on total net receivables	2.69%	3.20%	-0.51%
% Net overdue/overdrawn on total net receivables	0.47%	0.34%	0.14%
% Total net impaired receivables on total net receivables	4.74%	5.18%	-0.44%
% OF GROSS RECEIVABLES			
% Gross non-performing loans on total gross receivables	3.02%	3.61%	-0.58%
% Gross watchlist on total gross receivables	4.01%	4.39%	-0.39%
% Gross overdue/overdrawn on total gross receivables	0.50%	0.35%	0.15%
% Total gross impaired receivables on total gross receivables	7.53%	8.35%	-0.82%
% OF HEDGES			
% hedges on non-performing loans	49.75%	56.25%	-6.50%
% hedges on other impaired receivables	32.14%	28.30%	3.85%
% hedges on total impaired receivables	39.21%	40.37%	-1.16%
% hedges on in bonis receivables	0.56%	0.62%	-0.05%
% hedges on in bonis receivables - Stage 2	*2.84%*	*4.08%*	*-1.24%*
% hedges on in bonis receivables - Stage 1	*0.30%*	*0.22%*	*0.08%*

Texas ratio	66.27%	89.10%

Equity investments

The line item **Equity investments** includes share assets for which there is a situation of control, joint control or significant influence. Equity investments held by the Bank are represented by the subsidiaries Cambiano Leasing SpA and Immobiliare 1884 Srl, and by two companies subject to significant influence, C.H. Spa and Cabel Industry Spa.

The Bank's equity investment situation at 31 December 2023 is shown in the table below:

EQUITY INVESTMENTS						
data in €/000						
Company names	**31/12/2023**		**31/12/2022**		**Variations**	**% variations**
	% c.s. held	**Book value**	**% c.s. held**	**Book value**		
1. Cambiano Leasing s.p.a.	95.000%	18,739	95.00%	18,739	0	0.00%
2. Immobiliare 1884 s.r.l.	100.000%	13,500	100.00%	13,500	0	0.00%
3. Invest Italy SIM S.p.A (1)	0.000%	0	92.73%	997	-997	-100.00%
4. C. H. s.p.a. (2)	49.600%	14,569	49.60%	14,965	-395	-2.64%
5. Cabel Industry s.p.a.	8.040%	1,364	11.49%	1,222	142	11.63%
6. Gardena Capital LTD	0.000%	0	39.00%	247	-247	-100.00%
7. Cabel IP s.p.a.	0.000%	0	25.48%	45	-45	-100.00%
Totals		**48,172**		**49,716**	**-1,543**	**-3.10%**

(1) During the 3rd quarter of 2019 the "Trust Pro Bono" was established, to which the Bank transferred for the duration of 5 years the usufruct of 20% of the shares held in C. H. S.p.A The cost and book value remain unvaried, while the number of shares (for the purpose of the percent of vote during the shareholders' meeting) dropped from 49.60% to 29.60% thereby affecting the rights to vote potentially exercised during the shareholder's meeting of the company.

Below is a summary of the events that occurred during the fiscal year, that modified the Bank's equity investment situation:

- **Invest Italy SIM S.p.A.** – As already previously mentioned, during the month of October the transaction for the transfer of the majority shareholding (88.5%) was concluded, decreasing the shareholding to 10%. The equity investment was therefore recognised, at 31/12/2023, among financial assets measured at fair value with allocation to OCI.
- **Cabel IP S.p.A.** – During the month of March 2023, the transfer of the equity investment held by Banca Cambiano in Cabel IP spa – equal to 25.48% - was transferred by disposal to the company Fintech Scalapay, active in the Buy Now Pay Later sector, for a total of n. 316 shares, for an overall amount of € 144.839, turning a profit of € 99,483. At 31 December 2023, the company is no longer within the perimeter of Group consolidation.
- **Gardena Capital LTD** – On 24 May 2023, the Bank undersigned the contract for the transfer of the shareholding held in Gardena Capital LTD – equal to 39% - to the company Kite Limited. The transfer, concluded in the month of xxx, of n. 273,000 shares for an overall countervalue of € 260,000 allowed generating a profit of € 10,922.
- **Cabel Holding S.p.A.** –The equity and financial structure of the company was influenced by the following events:

  1) Sale of shares:
  On 4 May 2023, Cabel Holding undersigned an agreement with Quid Informatica SpA, aimed at the transfer, to the latter, of n. 2,014,286 shares in Cabel Industry, for an overall price of 5,000,000 euro, corresponding to approximately 2.48227 euro per share.

  2) Capital increase:
  At the time of the transfer, and within the scope of the agreements undersigned with Quid Informatica Spa, Cabel Industry promoted a capital increase of € 2,014,286, that was deliberated by the shareholders' meeting held on 23 May 2023, as attested to by the minutes drafted by the Notary Public Mr. Agostini in Milan (Rep. n. 87396, Racc. n. 18982); at that time, Cabel Holding (along with the other shareholders, including Banca Cambiano) waived the right to option pursuant to article 2441, and the capital increase was fully subscribed by the new shareholder, Quid Informatica SpA.

  Both the above transactions have had no impact on the income statement for the 2023 fiscal year, in that:

- The transfer of shares outlined in point 1) above gave rise to a new capital loss of € 1,626,784.35, for which the Future Expenses Fund provided for in the financial statements at 31 December 2022, was used;
- The capital increase outlined in point 2) above entailed the amount of € 5,000,000, including the premium, an amount lower than the corresponding value of the company's shareholders' equity; this gave rise to a write-back of the residual shares, amounting to 416,422.30 euro, that was therefore recorded in the accounts not through the entry of a capital loss, but through the corresponding use of the Future Expenses Fund specifically provided for in 2022, therefore without any impact on the 2023 financial statements.

Due to the share capital fully subscribed by Quid Informatica S.p.A., as per point 2) above, the equity holdings of Banca Cambiano in Cabel Industry have decreased from 11.49% to 8.04%. Considering the reduction of the indirect share – that is, held through the shareholding in Cabel Holding – that decreased from 39.40% to 12.70%, the percent holding in Cabel Industry s.p.a. is reduced, from 50.89% to 20.74%.

The variation recorded for the period in the line item 2equity investments" is due to the changes to the Bank's equity investment situation deriving from the operations described above, and to the variation in the shareholders' equity of subsidiaries– in relation to the share held by the Bank –due to both the effect of the capitalisation of the results for the 2022 fiscal year approved by the respective Shareholders' Assemblies, and the results registered at 30 June 2023, approved by the Boards of Directors of the Companies.

Intangible assets

The line item **Intangible assets** includes intangible assets recognised as an offset to the Badwill that emerged from the measurement at Fair value, pursuant to IRFS3, of the assets and liabilities of the company BCC for Web, purchased during the fiscal year, for overall € 1,291 thousand.

Overall deposits

The table below shows the detail of overall deposits related to ordinary customers at 31 December 2023 compared to the respective data at 31 December 2022.

OVERALL DEPOSITS				
data in €/000				
Description	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
Payable to customers	3,336,156	3,202,249	133,908	4.18%
Outstanding securities	172,421	158,574	13,847	8.73%
Total Direct deposits	**3,508,577**	**3,360,822**	**147,755**	**4.40%**
Indirect – Administered	943,046	611,030	332,016	54.34%
Indirect – Funds	112,685	86,165	26,520	30.78%
Indirect - GPM	87,598	64,832	22,766	35.12%
Indirect - Insurance	418,034	554,407	-136,374	-24.60%
Indirect deposits	**1,561,363**	**1,316,434**	**244,929**	**18.61%**
Overall deposits	**5,069,940**	**4,677,256**	**392,684**	**8.40%**

Type of transaction/assets	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
1. Bank accounts	2,743,863	2,845,897	-102,034	-3.59%
2. Deposits	37,576	43,456	-5,880	-13.53%
3. Time deposit	529,969	287,021	242,948	84.64%
4. Payable from sold assets	0	0	0	0.00%
5. Repurchase agreements with ordinary customers	12,319	12,020	299	2.49%
6. Deposit certificates	15	79	-64	-80.68%
7. Bonds	172,406	158,494	13,911	8.78%
8. Payable for leases	12,429	13,854	-1,425	-10.29%
9. Other payables	0	0	0	0.00%
Total Direct deposits	**3,508,577**	**3,360,822**	**147,755**	**4.40%**

Overall deposits (direct, administered, managed and insurance) at 31 December 2023 was € 5,070 million, increasing with respect to the same value at 31 December 2022, by € 393 million (+ 8.40%).

This increase is due to both the usual activities carried out by the Bank, and the purchase of the "BCC for Web" branch of business, through which liabilities allocated in the "Payable to customers" line item were purchased for overall € 174 million, and administered and managed deposits allocated in the "indirect deposits" line item for overall € 113 million, as specified in the accounting principles "other information".

Specifically, the line item "Payable to customers" increased by € 134 million (+4.18) due to the increase of time deposits (+84.64%), while the line item "Outstanding securities" increased by € 14 million (+8.73%) due to the issue of T2 loans for € 4 million and a "Green" bond issue subscribed on 31 December 2023 for € 25 million. This line item decreased during the fiscal year due to the redemption of a bond matured during the month of November for € 15 million.

Financial funding

The table below shows the detail of overall deposits to banks and banks e institutional counterparties at 31 December 2023 compared to the data at 31 December 2022.

FINANCIAL FUNDING				
data in €/000				
Description	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
Payable to banks	605,354	1,053,369	-448,015	-42.53%
Payable to institutional counterparties	304,662	193,331	111,331	57.59%
Total financial funding	**910,016**	**1,246,699**	**-336,684**	**-27.01%**

Type of transaction/assets	31/12/2023	31/12/2022	Variation	% Variation
1. Transactions with Eurosystem	549,300	954,301	-405,001	-42.44%
Payable to central banks	**549,300**	**954,301**	**-405,001**	**-42.44%**
2. Bank accounts	50,459	78,959	-28,499	-36.09%
3. Deposits	0	15,018	-15,018	-100.00%
4. Gold financing from banks	5,594	5,091	503	9.89%
5. Loans payable	0	0	0	0.00%
Payable to other banks	**56,054**	**99,068**	**-43,014**	**-43.42%**
Total payable to banks	**605,354**	**1,053,369**	**-448,015**	**-42.53%**
6. Other repurchase agreements	203,249	193,331	9,918	5.13%
7. Loans taken out with C.D.P.	0	0	0	0.00%
8. Payable from sold assets	101,413	0	101,413	0.00%
Total payable to institutional counterparties	**304,662**	**193,331**	**111,331**	**57.59%**
Total financial funding	**910,016**	**1,246,699**	**-336,684**	**-27.01%**

At 31 December 2021, Financial deposits amounted to € 910 million decreasing by 337 million (-27.01%) compared to 31 December 2022 due to the decrease of on demand payables to banks (bank accounts and deposits) for overall € 43 million and of payables to central banks for € 405 million (-42.44%), due to the effect of the reimbursement of TLTROIII deposits during the months of January, June, September and December 2023 in compliance with the Business Plan. The period also recorded an increase in payables to institutional counterparties for € 111 million (+57.59%) due to the increase of repurchase agreements for € 10 million, and of liabilities purchased against the securitization transaction concluded during the month of September 2023 for € 101 million.

Net interbank position

NET INTERBANK POSITION				
RECEIVABLE FROM BANKS				
data in €/000				
Type of transaction/assets	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
1. Bank accounts and demand deposits with central banks	278,062	0	278,062	0.00%
2. Regulatory reserve	29,508	84,303	-54,796	-65.00%
Receivables from central banks	**307,569**	**84,303**	**223,266**	**264.84%**
3. Bank accounts and demand deposits with banks	47,464	36,911	10,553	28.59%
4. Term deposits	50,112	50,062	50	0.10%
5. Repurchase agreements	0	0	0	0.00%
6. Other loans	0	0	0	0.00%

NET INTERBANK POSITION				
RECEIVABLE FROM BANKS				
data in €/000				
Type of transaction/assets	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
Receivable from other banks	**97,576**	**86,973**	**10,603**	**12.19%**
Total receivable (A)	**405,145**	**171,276**	**233,869**	**136.54%**

PAYABLE TO BANKS				
data in €/000				
Type of transaction/assets	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
1. Transactions with Eurosystem	549,300	954,301	-405,001	-42.44%
Payable to central banks	**549,300**	**954,301**	**-405,001**	**-42.44%**
2. Bank accounts	50,459	78,959	-28,499	-36.09%
3. Deposits	0	15,018	-15,018	-100.00%
4. Gold financing from banks	5,594	5,091	503	9.89%
5. Loans payable	0	0	0	0.00%
Payable to other banks	**56,054**	**99,068**	**-43,014**	**-43.42%**
Total payable (B)	**605,354**	**1,053,369**	**-448,015**	**-42.53%**

Imbalance receivable/payable(A) - (B)	**-200,208**	**-882,092**	**681,884**	**-77.30%**
Imbalance with central banks	**-241,731**	**-869,998**	**628,267**	**-72.21%**
Interbank balance with other banks	**41,522**	**-12,094**	**53,617**	**-443.32%**

The net interbank position at 31 December 2023 is negative for € 200 million with a decrease of € 682 million (-77.30%) compared to the datum at 31 December 2022, primarily due to the reimbursement of TLTROIII deposits during the months of January, June, September and December 2023.

Book shareholders' equity

At 31 December 2023, book shareholders' equity was equal to € 269 million, increasing as compared to 31 December 2022 when it amounted to € 207.2 million, as shown in the table below. This variation is due to the profit for the period, the increase in capital in the month of June 2023 for € 20 million, and the increase in fair value registered on securities allocated in the HTCS portfolio for € 12.7 million net of taxes, and the issue of an AT1 load of € 10 million.

BREAKDOWN OF STATUTORY EQUITY				
data in €/000	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
Share capital	252,800	232,800	20,000	8.59%
Premiums on issue of shares	803	803	0	0.00%
Capital instruments	40,000	30,000	10,000	33.33%
Reserves	-38,591	-53,655	15,064	-28.08%
(Treasury shares)	0	0	0	0.00%
Valuation reserves	-7,783	-20,516	12,733	-62.06%
Profit (loss) for the fiscal period	22,075	17,762	4,313	24.28%
Total statutory equity	**269,304**	**207,194**	**62,110**	**29.98%**

Income performance

The 2023 fiscal period closed with a net result of € 22,075 thousand.

Below are the principle economic aggregates, in thousands of Euros, as at al 31 December 2023, compared to the same data as at 31 December 2022.

The results are presented in the reclassified version with respect to the accounting schedules provided for by Bank of Italy Circular 262/2005 and subsequent amendments [(1)]. The main reclassification operations refer to the following line items:

- The line item "Commission expenses" no longer includes commissions recovered from customers, which are allocated to line item 200 "Other operating income/expenses";

- Line item "Net result from financial activities" includes line items 80, 90, 100 and 110 of the accounting schedule, net of the profit and loss components relative to the sale of receivables reclassified in line item "Net adjustments on loans to customers";
- The line item "Other net operating income/expenses", no longer includes recovered commissions and expenses which are decreased of the relative cost items, expenses for liabilities covered using pre-existing Funds and the Badwill that emerged with the PPA process allocated to its own line item;
- The line item "Personnel costs" no longer includes recovered expenses relative to personnel, which are allocated to line item 200 "Other operating income/expenses";
- The line item "Other administrative costs" is shown net of the following components:

  Recovery of indirect taxes and other expenses, allocated to line item 200 "Other operating income and expenses" of the accounting schedule;

  Contributions to SRF and FITD Funds, reclassified in the specific line item "expenses relative to the banking system";

  This line item, net of the above reclassifications, better represents the dynamics of the bank's operational expenses.
- The line item "Adjustment on property, plants and equipment and intangible fixed assets" no longer includes depreciation of intangible assets measured on outcome of the PPA of the purchased branch of business, which were reclassified in the line item "Goodwill impairment / Depreciation of intangible fixed assets (PPA)";
- The line item "Net adjustments on loans to customers" includes line items 130 a) and 140 of the accounting schedule and the profits and losses deriving from sale of the receivables as specified above;
- The line item "Net allocations to risk and expense funds" no longer includes expenses for liabilities covered with Risk Funds accrued in previous fiscal periods, allocated to line item 200 "Other operating income and expenses" of the balance sheet schedule;
- The line item "Expenses relative to the banking system" includes contributions to the SRF (Single Resolution Fund) and the FITD (Interbank Deposit Protection Fund) reclassified in line item 160 b "Other administrative costs";
- The PPA line item shows the effects deriving from the PPA process PPA (Purchase Price Allocation) relative to the purchase of BCC for Web allocated in line item 200 "Other operating income and expenses" of the accounting schedule.

Reclassified income statement

Income statement line items	**31/12/2023**	**31/12/2022**	**Amount variations**	**% variations**
Earned interest and similar income	159,815	87,414	72,401	82.82%
Interest expenses and similar expenses	-74,791	-11,675	-63,116	540.58%
Interest income	85,024	75,739	9,285	12.26%
Dividends and similar income	588	603	-14	-2.35%
Financial income	**85,612**	**76,341**	**9,271**	**12.14%**
Commission income	36,962	37,062	-100	-0.27%
Commission expenses	-5,422	-4,206	-1,215	28.89%
Net commission income	31,540	32,855	-1,315	-4.00%
Net result from financial activities	11,168	10,026	1,142	11.39%
Other net operating income/expenses	890	-551	1,442	-261.49%
Other operating income	**43,599**	**42,330**	**1,269**	**3.00%**
Operating income	**129,211**	**118,671**	**10,540**	**8.88%**
Personnel costs	-32,598	-31,561	-1,038	3.29%
Other administrative costs	-32,050	-28,682	-3,367	11.74%
Net adjustments/write-backs on property, plant and equipment and intangible assets	-7,148	-7,073	-75	1.07%
Operating costs	**-71,796**	**-67,316**	**-4,480**	**6.66%**
Net operating income	**57,414**	**51,355**	**6,059**	**11.80%**
Net adjustments on loans to customers	-23,789	-20,192	-3,597	17.81%
Net adjustments on securities other financial assets	344	-506	849	-167.96%
Net allocations to risk and expenses funds: guarantees and commitments	-122	-95	-27	28.91%
Net adjustments due to impairment	**-23,567**	**-20,792**	**-2,775**	**13.35%**

Income statement line items	31/12/2023	31/12/2022	Amount variations	% variations
Net allocations to risk and expense funds: other	-163	-2,825	2,662	-94.24%
Profits (losses) from equity investments	-324	968	-1,292	-133.52%
Gains (losses) from disposal of investments	89	16	72	449.64%
Expenses related to the banking system (contributions to DGS and FITD funds)	-5,950	-6,369	419	-6.58%
Gross profit from current operations	**27,498**	**22,353**	**5,145**	**23.02%**
Income tax for the period on current operations	-6,374	-4,591	-1,782	38.82%
Net profit from current operations	**21,125**	**17,762**	**3,363**	**18.93%**
PPA	1,291	0	1,291	0.00%
Impairment of goodwill / Amortisation of intangible fixed assets measured in application of IFRS3 (PPA)	-272	0	-272	0.00%
Profit (loss) from discontinued operations net of taxes	-70	0	-70	0.00%
Profit (loss) for the fiscal period	**22,075**	**17,762**	**4,313**	**24.28%**

(1) For greater details on the methods of exposure of the reclassified schedules, please refer to the Annex "Reconciliation between the reclassified balance sheet and income statement schedules"

Interest income amount to € 85.02 million, increased by 12.26% rispetto a 31 December 2023as compared to 31 December 2022. This increase, due to rises in the official tax rates decided by the ECB starting from the month of July 2022, has affected the various components of the aggregate, albeit to varying degrees.

Within this aggregate, the component relative brokerage with customers shows an increase of 37.90% as compared to 2022 due to the interest rate trends described above, while the bank brokerage component shows a negative contribution of € 16.8 million, with a decrease of € 21.9 million as compared to the amount recorded at 31 December 2022, primarily due to the TLTROIII operations on which interest expenses accrued at 31 December 2023 in the amount of € 24.6 million, compared to 4.8 million in earned interest accrued at 31 December 2023.

The amount related to financial assets and liabilities shows an increase in that the increased interest perceived on financial assets was only in part offset by an increase in the cost of securities to be allocated in own means.

The above being said, the table below shows the breakdown of interest income.

	INTEREST INCOME			
	data in €/000	31/12/2023	31/12/2022	% Variation
TOTAL	Earned interest and similar income	159,815	87,414	82.82%
	Interest expenses and similar expenses	-74,791	-11,675	540.58%
	Overall interest income	**85,024**	**75,739**	**12.26%**
with CUSTOMERS	Earned interest and similar income	139,917	77,492	80.56%
	Interest expenses and similar expenses	-40,894	-5,683	619.60%
	Interest income with customers	**99,023**	**71,809**	**37.90%**
with BANKS	Earned interest and similar income	9,890	5,792	70.75%
	Interest expenses and similar expenses	-26,689	-676	3850.04%
	of which: interest on TLTROIII	*-24,595*	*4,793*	
	Interest income with the banking system	**-16,799**	**5,116**	**-428.33%**
on SECURITIES	Earned interest and similar income	6,391	2,603	145.55%
	Interest expenses and similar expenses	-6,981	-4,773	46.26%
	Interest income on securities	**-590**	**-2,170**	**-72.82%**
OTHER	Earned interest and similar income	3,617	1,528	136.73%
	Interest expenses and similar expenses	-228	-544	-58.14%
	Residual interest income	**3,389**	**984**	**244.48%**

Net commission income amounts to € 31.5 decreasing slightly compared to the data at 31 December 2022. In particular, there was a slight drop in commissions associated to the distribution of third-party services, associated to a reduced underwriting of insurance policies and commissions on management, brokerage and consulting services; instead, commissions on "traditional" services (commissions for collection and payment services, and commissions on) remain essentially unvaried.

	NET COMMISSION INCOME			
	data in €/000	31/12/2023	31/12/2022	% Variation
TOTAL	Commission income	36,962	37,062	-0.27%
	Commission expenses	-5,422	-4,206	28.89%
	Overall net commission income	**31,540**	**32,855**	**-4.00%**

	NET COMMISSION INCOME			
	data in €/000	**31/12/2023**	**31/12/2022**	**% Variation**
From management, brokerage, and consulting	Commission income	6,222	6,172	0.80%
	Commission expenses	-2,130	-1,461	45.76%
	Net commission income	**4,092**	**4,711**	**-13.14%**
From distribution of third party services	Commission income	4,898	5,559	-11.89%
	Net commission income	**4,898**	**5,559**	**-11.89%**
From payment services	Commission income	21,111	20,685	2.06%
	Commission expenses	-2,093	-1,841	13.68%
	Net commission income	**19,017**	**18,843**	**0.92%**
From other services	Commission income	4,731	4,646	1.83%
	of which: funding transactions and issued guarantees	*1,759*	*1,767*	-0.46%
	Commission expenses	-1,198	-904	32.59%
	Net commission income	**3,533**	**3,742**	**-5.60%**

Operating income at 31 December 2023 was € 129.2 million, with an increase of € 10.5 million (+ 8.88%) as compared to the datum at 31 December 2022.

OPERATING INCOME				
data in €/000	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
Interest income	**85,024**	**75,739**	**9,285**	**12.26%**
Dividends and similar income	588	603	**-14**	**-2.35%**
Financial income	**85,612**	**76,341**	**9,271**	**12.14%**
Overall net commission income	**31,540**	**32,855**	**-1,315**	**-4.00%**
Net result from financial activities	11,168	10,026	**1,142**	**11.39%**
Other net operating income/expenses	890	-551	**1,442**	**-261.49%**
Operating income	**129,211**	**118,671**	**10,540**	**8.88%**

As can be seen from the table, the increase in operating income is due to the increase of net profit from financial instrument brokerage activities for € 1.1 million and of Other operating income for € 1.4 million, summed with the increase in interest income already described in detail above.

The increase in net profits derived from brokerage activities is due to the positive trend of financial markets, that resulted in increased profits from the disposal of financial assets allocated in the HTCS portfolio for € 0.9 million, an increase in profits deriving from the disposal of securities measured at amortised cost for € 1.5 million, and an increase in the value of financial assets obligatorily measured at fair value for overall € 3.6 million. Gains are negatively affected by the reduction in the net profit from trading assets for overall € 4.9 million due to the decrease in profits on exchanges for € 13 million, partially offset by the increase in profits from securities for € 5.7 million and in profits from tax receivables purchased from customers for € 2.4 million.

NET RESULT FROM FINANCIAL ACTIVITIES				
data in €/000	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
NET RESULT FROM FINANCIAL ACTIVITIES	**11,168**	**10,026**	**1,142**	**11.39%**
Net trading result	**10,226**	**15,147**	**-4,921**	**-32.49%**
a) Currencies	2,022	15,072	-13,050	-86.59%
b) Financial assets FVTPL Trading	3,994	-1,708	5,702	-333.79%
c) Other financial assets (tax receivables)	4,211	1,783	2,428	136.17%
Net hedging result	**0**	**-2**	**2**	**-100.00%**
Profit/Loss from valuation - Hedges	0	-2	2	-100.00%
Gains (losses) from the disposal or repurchase of:	**2,364**	**-138**	**2,502**	**-1816.18%**
a) Financial assets measured at FV with impact on OCI	666	-225	891	-396.16%
b) Financial assets measured at amortised cost	1,542	23	1,518	6534.78%
c) Financial liabilities	157	64	93	145.44%

NET RESULT FROM FINANCIAL ACTIVITIES				
data in €/000	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
Net profit from financial assets and liabilities measured at FV with impact on the income statement	**-1,422**	**-4,981**	**3,559**	**-71.45%**
Financial assets obligatorily measured at fair value	-1,422	-4,981	3,559	-71.45%

As regards the line item Other operating income/expenses the increase as compared to the datum at 31 December 2022 (+ € 1,442 thousand) is attributable to an increase of Other income for € 501 thousand and a decrease in Other expenses for € 941 thousand. As shown in the table below, the increase of other income is due primarily to the increase of contingent assets for € 465 thousand, while the decrease of other expenses derives from a decrease in expenses for liabilities not covered by risk and expense funds accrued in previous fiscal periods.

	OTHER OPERATING INCOME AND EXPENSES				
	data in €/000	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
TOTAL	Other operating income	1,279	778	501	64,44%
	Other operating expenses	-388	-1,329	941	-70,77%
	Other net income	**890**	**-551**	**1,442**	**-261,49%**
Other income	Contingent assets	765	301	465	154.47%
	Other income	514	477	37	7.68%
	of which: services to Parent Company and/or Subsidiaries	*267*	*267*	*0*	*0.00%*
	Other income	**1,279**	**778**	**501**	**64.44%**
Other expenses	Depreciation of third-party goods	-215	-250	35	-13.91%
	Expenses for liabilities not covered by Funds	-12	-655	643	-98.19%
	Contingent liabilities	-155	-385	229	-59.65%
	Other expenses	-6	-40	33	-84.40%
	Other expenses	**-388**	**-1,329**	**941**	**-70.77%**

Operating expenses at 31 December 2023 were € 71,8 million, increasing by € 4.5 million (+ 6.66%) compared to the datum booked at 31 December 2022, as shown in the table below.

OPERATING COSTS				
data in €/000	**31/12/2023**	**31/12/2022**	**Variation**	**% Variation**
Administrative costs:	-64,648	-60,243	-4,405	7.31%
a) personnel costs	-32,598	-31,321	-1,278	4.08%
b) other administrative costs	-32,050	-28,923	-3,127	10.81%
Net adjustments/write-backs on property, plant and equipment and intangible assets	-7,148	-7,073	-75	1.07%
Operating costs	**-71,796**	**-67,316**	**-4,480**	**6.66%**

In particular, personnel costs increased by € 1.3 million due to expenses related to the renewal of the sector's labour agreement and greater costs associated to the company bonus, while other administrative costs register a net increase of € 3.1 million, primarily due to:

- Increased electrical energy costs (+ 0.5 million);
- Increased IT expenses connected to new projects and regulatory compliance (+ 1.8 million);
- Increased costs for stamp duties (+ € 1 million) for the most part offset by increased recoveries from customers.

Net profit from current operations increased as compared to the amount booked at 31 December 2022, registering € 27.5 million, with an increase of € 5.1 million.

Net adjustments on loans to customers show an increase compared to those booked for the previous fiscal period, for overall € 3,597 thousand in that the decrease in write-backs from valuation - € 2,412 thousand - – was offset by losses registered on transfer transactions on NPL receivables, concluded by the Bank, in accordance with the Business Plan, during the last quarter of the fiscal period, with an effect on the income statement for overall € 5,514 thousand.

As regards net adjustments deriving from the measurement of receivables in the portfolio at 31 December, in the meeting held on 28 December last, the Board of Directors resolved to release the add-on on "energy-intensive" businesses (equal to € 5.7 million as at 31/12/2022), introduced as of the 2022 financial statements, replacing the management overlays determined in the 2020 and 2021 fiscal years on Covid and government-backed loans, for the following reasons:

- Albeit the conflict between Russia and the Ukraine is ongoing, the energy crisis that the war generated and that characterised the 2022 fiscal period can currently be considered as essentially ceased;
- Since the introduction of the add-ons, to date a congruous time has lapsed (almost 12 months), such as to have allowed ascertaining any financial difficulty and the consequent classifications and evaluations of positions;
- The analysis of dynamics relative to Stage 2 has not brought to light a significant deterioration, in the time bracket of reference, of exposures falling within the perimeter of application of the add-ons on "energy-intensive" businesses";
- The concentration of add-ons of significant amounts on individual loans, broadly granted, closely monitored and recently also reviewed by the Board of Directors, with no irregularities during the period that can be traced back to the energy crisis at the base of the criteria for application of the management overlays;
- The updating, regarding measurements as at 31/12/2023 of forward-looking components, that include the macro-economic scenarios based on the most recent forecasts published by Bank of Italy, with reference to which the simulated impact on the portfolio of receivables at 30/11/2023 quantifies an increase in impairment loss on Stage 1 equal to about € 1.30 million, and an increase in impairment loss on Stage 3 unlikely to pay positions equal to € 1.77 million;
- The substantial return to normal operating conditions of the parameters at the base of the IFRS9 model, that first during the Covid period (2020-2021 fiscal years) and then the energy crisis period (2022) were not capable of intercepting the significant rise of credit risk due to the mass recourse to moratoria and the difficulty in finding data inherent to the energy expense of customer companies.

Given the uncertainty of the current economic situation, characterised by the pressure of inflation and the increased interest rates recorded during the year, for the 2023 fiscal period the Board of Directors has nevertheless resolved to continue to maintain an approach alternative to the mechanical application of the models (so-called Overlay Approach) used to calculate the ECL, in line with the process used in 2022 for "energy-intensive" businesses, and in the previous two-year period of the Covid-19 pandemic, providing for the inclusion of specific add-ons on impairment losses in order to capture the expected effects of the increased interest rates on the Bank portfolio.

To this end, a perimeter of positions most affected by the current economic situation has been identified, and the relative criteria for calculation of management overlays has been defined, as detailed here following:

- Private individuals, joint-name companies and individual companies classified in Stage 1 who undersigned floating rate instalment loans before 2023 and that during the year have registered average payment delays equal to at least five days. For these positions, the calculation of the management overlay is based on the simulation of a "shift" in the risk class with application of an impairment loss equal to that which they would have had, if they had been classified in Stage 2;
- Private individuals, joint-name companies and individual companies classified in Stage 2 who undersigned floating rate instalment loans before 2023 and that during the year have registered average payment delays equal to at least one day. For these positions, the calculation of the management overlay is based on the simulation of a "shift" in the risk class with application of an impairment loss equal to that which they would have had, if they had been classified as impaired past-due (Stage 3);
- Loans backed by commercial real estate properties that, following the rise in interest rates, are less appetising on the real estate market and for which a loss in value is estimated in 2024. For these positions, the calculation of the management overlay is based on the application of the Loss Given Default dedicated to un-secured positions, in lieu of the one dedicated to positioned guaranteed by real estate property.

The calculation of management overlay on loans to companies backed by commercial real estate properties, in particular, is based on the sector reports issued by the European Central Bank, in which it is ascertained that commercial real estate transactions decreased by 47% during the first half of 2023 as compared to the same period of the previous year, that that the largest listed real estate property holders are exchange with a discount of over 30% as compared to the net equity value.

As regards the Bank's credit portfolio as at 31/12/2023, the application of criteria for the calculation of the management overlays that have been identified has entailed an increase of impairment loss on Stage 1 equal to approximately € 550 thousand, and an increase in impairment loss on Stage 2 equal to approximately € 1.94 million, resulting in an overall add-on of € 2.49 million.

In particular, the calculation management overlays based on a simulated "shift" of the class risk for the identified private individuals, joint-name companies and individual companies resulted in an overall add-on between Stage 1 and Stage 2 equal to € 2.12 million, while the calculation of management overlays based on the application of the Loss Given Default dedicated to positions not secured by commercial real estate property resulted in an overall add-on between Stage 1 and 2 equal to € 366 thousand.

In addition to the impact on impairment losses of the application of the add-ons explained above, it is necessary to also consider the additional effects due to the updating of the macro-economic scenarios based on the most recent forecasts published by Bank of Italy (so-called Forward Looking components), with reference to the month of December 2023. These updates have resulted in a rise in impairment loss equal to € 1.30 million on Stage 1 and € 1.77 million on Stage 3, allocated on watchlist positions.

GROSS PROFIT FROM CURRENT OPERATIONS				
data in €/000	31/12/2023	31/12/2022	Variation	% Variation
Operating income	**129,211**	**118,671**	**10,540**	**8.88%**
Operating expenses	**-71,796**	**-67,316**	**-4,480**	**6.66%**
Net operating income	**57,414**	**51,355**	**6,059**	**11.80%**
Net adjustments on Loans to customers	-23,789	-20,192	**-3,597**	**17.81%**
of which: profits/losses from disposals	*-5,514*	*413*	***-5,927***	***-1434.09%***
of which: net adjustments	*-18,412*	*-20,824*	***2,412***	***-11.58%***
of which: profit/loss from contract modifications	*137*	*219*	***-82***	***-37.46%***
Net adjustments to securities and other financial assets	344	-506	**849**	**-167.96%**
Net allocations to risk and expense funds: guarantees and commitments	-122	-95	**-27**	**28.91%**
Net adjustments due to impairment	**-23,567**	**-20,792**	**-2,775**	**13.35%**
Net allocations to risk and expense funds: other	-163	-2,825	**2,662**	**-94.24%**
Profits (losses) from equity investments	-324	968	**-1,292**	**-133.52%**
Gains (losses) from disposal of investments	89	16	**72**	**449.64%**
Expenses related to the banking system (contributions to DGS and FITD funds)	-5,950	-6,369	**419**	**-6.58%**
Gross profit from current operations	**27,498**	**22,353**	**5,145**	**23.02%**

Among the other profit components at 31 December 2023, please note the diminished net allocations to risk and expense funds for € 2.7 million, losses on equity investments for overall € 0.3 million due primarily to the reduction in value of the subsidiary C.H. SpA, following the transaction for the transfer of shares, as already described, and diminished expenses for contributions to DGS and FITD funds, for € 0.4 million.

GROSS AND NET PROFIT FOR THE FISCAL PERIOD				
data in €/000	31/12/2023	31/12/2022	Variation	% Variation
Gross profit from current operations	27,498	22,353	5,145	23.02%
Income tax for the period on current operations	-6,374	-4,591	-1,782	38.82%
Net profit from current operations	**21,125**	**17,762**	**3,363**	**18.93%**
PPA	1,291	0	1,291	0.00%
Impairment of goodwill / Amortisation of intangible fixed assets measured in application of IFRS3 (PPA)	-272	0	-272	0.00%
Profit (loss) from discontinued operations net of taxes	-70	0	-70	0.00%
Profit (loss) for the fiscal period	**22,075**	**17,762**	**4,313**	**24.28%**

The profit for the fiscal period is affected in a positive manner by the booking of Badwill resulting from the measurement at fair value of Bcc for Web for € 1,291 thousand, reduced due to the effect of the amortization of intangible assets measured in offset to the Badwill for € 270 thousand, shown in line item "Goodwill impairment / Amortisation of intangible fixed assets measured in application of IFRS3 (PPA)".

Capital adequacy and regulatory ratios

One of the main points of the Bank's strategy is the careful management of the capital components, both in terms of their consistency and other their dynamics. The evolution of company capital is crucial to accompany a responsible increase in size and represents the principle and decisive point of reference in the definition of plans for development. In this sense, starting in 2019, the Bank has formalised and adopted a Capital Management plan to cohesively govern and constantly verify current and prospected capital adequacy levels. The Plan was updated in the last meeting of the Board of Directors held on 12 April 2023. Capital adequacy management activities generate planned reports to company upper management, and are subject to systematic monitoring by the Risk Management function, as total own funds are a decisive reference for prudential supervisory dispositions.

During the 2023 fiscal year, on 26 June the scheduled transaction for the Bank's capital increase by € 20 million was completed, and in September, the replacement of € 15 million T2 instruments was perfected, for which a specific request was submitted to the Supervisory Authority, authorized by letter protocolled at N° 1268714/23 dated 21 July 2023, and in October, in addition to the plans made in April 2023, the Bank issued a permanent debenture bond (Additional Tier 1) for an overall amount of € 10 million.

The tables below illustrate the final situation of consolidated Own Funds 31 December 2023 (that includes profits eligible for calculation at 31/12/2023), compared to the situation at 31 December 2022:

OWN FUNDS AND CAPITAL ADEQUACY			
data in €/000	**31/12/2023**	**31/12/2022**	**% Variation**
Total primary Tier 1 capital (Common Equity Tier 1 - CET1)	224,247	201,047	11.54%
Total Additional Tier 1 capital (Additional Tier 1 - AT1)	40,000	30,000	33.33%
Total Tier 1 capital (Tier 1 - T1)	**264,247**	**231,047**	14.37%
Total Tier 2 capital (Tier 2 - T2)	**64,631**	**61,041**	5.88%
Total own funds (T1 + T2)	**328,878**	**292,088**	**12.60%**

PRUDENTIAL SUPERVISORY REQUIREMENTS			
data in €/000	**31/12/2023**	**31/12/2022**	**% Variation**
Credit and counterparty risk	114,667	127,542	-10.09%
Credit valuation adjustment risk	16	20	-20.00%
Market risk	2,550	2,759	-7.58%
Operating risk	18,710	16,730	11.84%
Total prudential requirements (8% of risk-weighted activities)	**135,943**	**147,051**	**-7.55%**

RISK ACTIVITIES AND VIGILANCE COEFFICIENTS			
data in €/000	**31/12/2023**	**31/12/2022**	**% Variation**
Risk-weighted activities (RWA)	1,699,286	1,838,135	-7.55%
Primary Tier 1 capital / Risk-weighted activities (CET1 ratio)	13.20%	10.94%	20.66%
Tier 1 capital/ Risk-weighted activities (Tier1 ratio)	15.55%	12.57%	23.71%
Own funds / Risk-weighted activities (Total capital ratio)	19.35%	15.89%	21.77%

Own funds at 31 December 2023 amounted to € 328.8 million, showing an increase with respect to the previous fiscal year of € 36.7 million, principally due to the effect of the following factors:

- The capital increase perfected in June 2023 (+ 20 million);
- The increase from 75% to 100% of the reserves from FTA component for the year (-€ 36.5 million net of the positive effect of the application of the transitory regime pursuant to art. 473 bis, par. 6 bis of the CRR);

- The reduction of the negative valuation reserve for performance of securities classified in the HTC&S portfolio (+12.7 million net of the effect deriving from the transitory regime for profit and loss of sovereign debt securities measured at FVOCI in the 2022 financial year);
- The positive net result for the period (+ € 3.8 million as compared to the previous period);
- The reduction of deductions from CET1 according to EU regulation n. 575/2013 (+ € 8.8 million);
- The increase of reserves due primarily to profit from the 2022 fiscal year (+ € 15 million);
- The issue during 2023 of permanent debenture bonds di permanent debenture bonds included in AT1 for an additional;
- The issue during 2023 of subordinate bond instruments for € 18,6 million, of which € 15 million in replacement of T2 "CAMBIANO 18-25 4% SUB" instruments, for which a specific request was submitted to the Supervisory Authority, and that was authorized with letter protocolled at N° 1268714/23 dated 21 July 2023. The positive effect on overall Own Funds for € .6 million net of the diminished eligibility of the previous tranches of subordinate loans. The overall amount of € 92.4 million, comprehensive of the loan issued by ex Invest Banca, is in fact eligible for booking in own funds for € 64.6 million.

The detail of debenture loans included, even only partially in own funds, is shown in the table below.

Schedule of subordinate bonds

BOND	DESCRIPTION	ISIN	EXPIRY DATE	RATE	AMOUNT
489001	CAMBIANO SUB 4.50% 20/12/19-24	IT0005396426	20/12/2024	4.50000	3,000,000
480001	CAMBIANO 18-25 4% SUB	IT0005337719	28/06/2025	4.00000	30,000,000
483001	CAMBIANO 19-29 4% SUB	IT0005371270	10/06/2029	4.00000	5,000,000
484001	CAMBIANO 19-29 SU SUB	IT0005376287	20/06/2029	4.50000	1,000,000
485001	CAMBIANO 19-29 4% SUB	IT0005385668	25/09/2029	4.00000	2,000,000
488001	CAMBIANO SU 05/12/19-29 SUB	IT0005391518	05/12/2029	4.50000	1,000,000
52048	BOND IB 2024 SUB	IT0005253148	01/06/2024	2.50000	4,700,000
501001	CAMB 22-29 5% SUB	IT0005487118	15/03/2029	5.00000	2,000,000
503001	CAMB 22-30 3% SUB	IT0005495574	16/05/2030	3.00000	3,000,000
504001	CAMB 22-30 3.5% SUB	IT0005498859	29/06/2030	3.50000	3,000,000
505001	CAMB 22-30 5% SUB	IT0005509135	30/09/2030	5.00000	2,000,000
506001	CAMB 22-30 TV SUB	IT0005510059	30/09/2030	8.00000	3,000,000
507001	CAMB 22-30 7.50% SUB	IT0005514960	20/10/2030	7.00000	3,000,000
508001	CAMB 22-30 4% SUB	IT0005516395	28/10/2030	4.00000	700,000
509001	CAMB 22-30 5.50% SUB	IT0005516403	28/10/2030	5.50000	400,000
510001	CAMB 22-30 7% SUB	IT0005523391	07/12/2030	7.00000	2,800,000
511001	CAMB 22-30 7% SUB	IT0005527772	29/12/2030	7.00000	2,200,000
512001	CAMB 22-30 8% SUB	IT0005527780	29/12/2030	8.00000	5,000,000
513001	CAMB 23-31 7% SUB	IT0005534190	1/03/2023	7.00000	800,000
515001	CAMB 23-31 8% SUB /PRO	IT0005554495	29/06/2023	8.00000	2,000,000
516001	CAMB 23-31 8% SUB	IT0005558751	10/08/2023	8.00000	800,000
517001	CAMB 23-31 7% SUB /PRO	IT0005560534	4/09/2023	7.00000	4,500,000
518001	CAMB 23-31 7% SUB /PRO	IT0005560591	4/09/2023	8.00000	2,000,000
519001	CAMB 23-31 7% SUB /PRO	IT0005561268	20/09/2023	8.00000	500,000
520001	CAMB 23-31 7% SUB /PRO	IT0005561854	26/09/2023	5.00000	8,000,000
	TOTAL				**92,400,000**

Schedule of permanent AT1 bonds

BOND	DESCRIPTION	ISIN	DATE OF ISSUE	RATE	AMOUNT
490001	BCA CAMB 20-PERP TV SUB /PRO	IT0005427023	23/11/2020	5.00000	1,500,000

BOND	DESCRIPTION	ISIN	DATE OF ISSUE	RATE	AMOUNT
492001	CAMBIANO PERPETUAL AT1 492	IT0005429375	15/12/2020	5.00000	3,500,000
494001	CAMBIANO PERPETUAL AT1 494	IT0005429755	21/12/2020	4.75000	1,000,000
496001	CAMB PERPETUAL AT1 496	IT0005431777	21/12/2020	5.00000	500,000
497001	CAMBIANO PERPETUAL AT1 497	IT0005432130	28/12/2020	5.00000	3,500,000
498001	CAMB PERPETUA AT1 498	IT0005439846	30/03/2021	5.00000	5,000,000
499001	CAMBIANO PERPETUAL AT1 499	IT0005454076	11/08/2021	5.00000	5,000,000
500001	CAMB PERPETUAL AT1 500	IT0005475055	28/12/2021	5.00000	7,000,000
502001	CAMB 22-PERP TV SUB /PRO	IT0005489601	30/03/2022	5.00000	3,000,000
521001	CAMB 23-PERP TV SUB /PRO	IT0005566648	10/10/2023	7.00000	10,000,000
	TOTAL				**40,000,000**

Finally, please note that, with letter protocolled at N° 1069996/23 dated15/06/2023, Bank of Italy communicated the new decision regarding the capital requirement in force as of the Supervisory Notifications referred to 30 June 2023, and specifically Bank of Italy has decided that the measure of capital that the Bank must have, in addition to the minimum capital requirement, is to be calculated as follows:

- CET 1 ratio: 8.00%, composed of an obligatory value of 5.50%, of which 4.50% for minimum regulatory requirements and 1.00% for minimum additional requirements resulting from the outcome of the SREP) and for the remaining part by the capital conservation reserve;
- Tier 1 ratio: 9.90%, composed of an obligatory value of 7.40%, of which 6.00% for minimum regulatory requirements and 1.40% for minimum additional requirements resulting from the outcome of the SREP) and for the remaining part by the capital conservation reserve;
- Total Capital ratio: 12.30%, composed of an obligatory value of 9.80%, of which 8.00% for minimum regulatory requirements and 1.80% for minimum additional requirements resulting from the outcome of the SREP) and for the remaining part by the capital conservation reserve.

The above capital ratios correspond to the Overall Capital Requirement ("OCR") ratios, as defined in the ABE/GL/2014/13(4) Guidelines: they represent the sum of obligatory values (Total SREP Capital Requirement ratio - TSCR, as defined in the ABE Guidelines) and the combined capital conservation requirement.

Furthermore, to ensure compliance with the obligatory values detailed above and ensure that the Bank's own funds can absorb any losses deriving from stress scenarios, taking into account the results of the prudential stress tests pursuant to article 100 of Directive 2013/36/EU and/or of the results of stress tests conducted by the intermediary within the scope of the ICAAP, Bank of Italy expects that the Bank reaches the following capital ratios within a maximum period of two years:

- CET 1 ratio: 9.25%, composed of a CET1 OCR CET1 ratio equal to 8.00% and a Target Component (Pillar 2 Guidance, P2G), due to a greater risk exposure in stress conditions, equal to 1.25%;
- Tier 1 ratio: 11.15%, composed of a T1 OCR ratio equal to 9.90% and a Target Component, due to a greater risk exposure in stress conditions, equal to 1.25%;
- Total Capital ratio: 13.55%, composed of a TC OCR ratio equal to 12.30% and a Target Component, due to a greater risk exposure in stress conditions, equal to 1.25%.

The capital ratios reached by the Bank at 31 December 2023 are already higher than those required.

Operating structure

Human resources

The management of human resources aims at promoting individual skills and at directing the company culture in a manner coherent with the objectives of the Group, using a human resource management system based on involving the various organisational structures of the Company. The progressive fine-tuning of management tools is aimed at favouring increasingly greater focus on motivational levers, communication and a propensity for change. A business model focused on tight-knit relations with customers necessarily requires highly professional and invested human resources. Personnel is therefore a fundamental competitive advantage, and essential to reaching high standards in terms of service quality and compliance. For this reason, the quality of personnel is considered essential, first and foremost, and great attention is given to accountability, merit, and professional growth, providing internal training and communication courses.

The table below shows the breakdown of Bank employees .

BREAKDOWN OF PERSONNEL	31/12/2023	31/12/2023	31/12/2022	31/12/2022	Variation 2023/2022
	Values	Percent breakdown	Values	Percent breakdown	
BREAKDOWN BY QUALIFICATION					
Upper management	4	0.94%	4	0.94%	0
Middle management	111	26.18%	109	25.71%	2
Professional areas	304	71.70%	310	73.11%	-6
Apprenticeships	5	1.18%	1	0.24%	4
Total	**424**		**424**		0
BREAKDOWN BY GENDER					
Male	161	37.97%	162	38.21%	-1
Female	263	62.03%	262	61.79%	1
Total	**424**		**424**		**0**
BREAKDOWN BY LEVEL OF INSTRUCTION					
University Degree	205	48.35%	202	47.64%	3
Secondary school Diploma	211	49.76%	213	50.24%	-2
Other	8	1.89%	9	2.12%	-1
Total	**424**		**424**		**0**
BREAKDOWN BY AGE BRACKET					
Up to 25 years	6	1.42%	12	2.83%	-6
26 - 35 years	88	20.75%	98	23.11%	-10
36 - 45 years	123	29.01%	126	29.72%	-3
46 - 55 years	136	32.08%	129	30.42%	7
56 - 60 years	42	9.91%	40	9.43%	2
Over 60 years	29	6.84%	19	4.48%	10
Total	**424**		**424**		**0**
BREAKDOWN BY SENIORITY					
Up to 3 years	40	9.43%	59	13.92%	-19
4 - 8 years	91	21.46%	92	21.70%	-1
9 - 15 years	98	23.11%	113	26.65%	-15
16 - 25 years	123	29.01%	100	23.58%	23
26 - 30 years	38	8.96%	32	7.55%	6
over 30 years	34	8.02%	28	6.60%	6
Total	**424**		**424**		**0**
FUNCTIONAL DISTRIBUTION					
Central offices	158	37.26%	160	37.74%	-2
Network	266	62.74%	264	62.26%	2
Total	**424**		**424**		**0**

On 23 November 2023, the Italian Banking Association (ABI) and sector Labour Union Organisations undersigned the renewal of the National Collective Labour Contract (CCNL) for middle management and personnel employed in professional areas by credit, financial and instrumental companies, that will be in force up to 31 March 2026. This is an agreement reached at the end of a complex negotiation process that began on 6 July 2023 with the submission to ABI on the part of Labour Union Organisations of a platform accompanied by significant requests, including demands in terms of economic treatment. The main points of the agreement are illustrated herein

following. Firstly, a gross monthly salary increase of € 435.00 (based on employees in the third professional area, fourth level), that will be recognised in the 2023-2026 period. A first significant instalment, equal to gross € 250.00, was disbursed with the December 2023 payslip, along with an additional gross € 250.00 for the so-called thirteenth month salary, and arrears from 1 July 2023. A second instalment of gross € 100.00 will follow in September 2024, a third of gross € 50.00 in June 2025 and a fourth of gross € 35,00 in March 2026. Also as of 1 July 2023, the complete basis of calculation of severance pay was restored, which had been previously reduced in 2012. Furthermore, a reduction of the weekly work hours by 30 minutes was agreed upon, effective as of 1 July 2024. The weekly work hours will therefore be distributed over 37 hours total, at equal pay. The centrality of training was confirmed, as a tool to ensure individual professional growth and development, and employability, also in light of the digitalisation process underway. Furthermore, the negotiating parties agreed to promote, in favour of the companies, an efficacious use of economic resources, available through the sector Labour Fund and Solidarity Fund, to also favour new recruitments, and generational turnover. Finally, the provisions of the CCNL were remodulated, as regards the safeguarding of maternities, conduct in the event of illness, transfers, missions, and commercial policies. For the purpose of increasing flexibility in the organisation of work tasks, full capacity was confirmed within the scope of executive management, and specific attention was paid to digital banking issues, as the natural evolution of the banking sector in the future.

The distribution model

The Bank’s distribution network comprises n. 44 branches, of which n. 41 located in the Region of Tuscany, the traditional home locations, and 3 located in Turn, Bologna and Rome. During 2023, the Turin branch was moved to a location more adequate in size, that also entailed a reduction in charges.

As regards the network of branches, the Bank knowingly made a choice that is more costly and bucks the current trend in the banking sector, and has maintained its network of branches unvaried, to serve its customers and fulfil its social and corporate function, that has not changed with the new juridical form of a company limited by shares.

Moreover, a change in perspective can be observed, almost as if it were a social phenomenon, with a renewed interest for the presence of branches across the territory, obviously with a new task.

Bank branches, while remaining central, especially for retail banks, take on a different role, more aimed at consulting and relations, with respect to the execution of mere transaction or payment operations, nowadays made easier by digital channels. This change has various drivers. First and foremost, *user experience*, that takes on a distinctive role: customer expectations change and so do bank objectives and processes. The customer’s user experience takes on greater importance as a differentiation factor, and a territory-based bank such as ours, stands out for its capacity to be very close to the community in which its customers live or work; this unique trait must be safeguarded even within the new service model. The second factor of change is the use of digital tools as enablers: digital tools and automation open banks up to possible optimisations, to new operational methods and to relational moments with an added value, also increasing the role of “persons”, as actors of this change. The bank branch, in turn, instead of disappearing, takes on the role of facilitator of the relation; therefore, it allows keeping a human contact with bank customers, especially for more complex or delicate operations, but also to provide one-to-one consulting services for its customers, especially those who are more socially fragile or further on in years. The path has been taken, and all channels available must be leveraged, both physical and digital, introducing innovative elements to guaranty a continuing and intuitive experience for customers.

Research, development and innovation

On an operational and management level, Banca Cambiano fully outsources the information technology system to Cabel Industry, which allows managing all the products and services to customers within the perimeter of the bank’s business.

In 2023 the Bank reconfirmed its commitment to investing in Information Technology, to meet customer needs and to offer increasingly leading-edge technological solutions, aimed at improving customer online experience and the degree of customer satisfaction.

The main projects brought forward during the year were:

- **ESG Project –Risk Worksite:**
    - Acquisition of an information data-set (data provider, Easy Loans, etc.) structured to recover «ESG», information, and build indicators (KPI and GAR) for Taxonomy purposes, and creation of the sustainability reports needed to comply with reporting requirements for credit institutions, in accordance with Taxonomy;

  - Preparation of ESG Data Mart and support in the evaluation / quantification of ESG Risk in relation to the most appropriate methodology to assess ESG impact on the Bank's portfolio.
- **Regulation 2022/2554 digital operational resilience – DORA and Bank of Italy Circular 285 40th update:**
  - DORA Regulations - development activities related to the incentive measures of the so-called "digital finance package" by the EU, that has simultaneously issued regulations to guaranty the security standards of infrastructures and monitor ICT suppliers operating in the sector, in terms of digitalization and mitigation of the resulting risks.
  - Bank of Italy Circular n. 285/2013 - Chapter 4 "The Information System" and Chapter 5 "Business Continuity" of Part One, Title IV, have been modified to implement the "Guidelines for the management of risks related to information technologies (ICT) and security" (EBA/GL/2019/04) issued by the EBA, and compliance related to further developments of Section I of Chapter 3 "The Internal Controls System".
- **CR and Subject Database:** Technological adaptations related to the re-engineering process of the CR information system by Bank of Italy, that, simultaneously, launched a functional and technological revision project of the information system aimed, among other things, at analysing a new data model that will allow broadening the scope of subjects benefitting of information and innovating the service by introducing new instruments.
- **Evolution of Digital Banking:** digital development activity along multiple lines of development: (i) expansion of the range of products deliverable through Banca Cloud (finance products), (ii) strengthening of the mobile banking channel, with release of new functions, (iii) application of models to rationalise and automate management processes related to customer service channels; (iv) activation of innovative payment models.
- **Liquidity Risk Management:** Development and implementation of the liquidity risk monitoring framework.
- **Fraud Management:** continuation of the roll out of the fraud management platform for the traditional and instant SCT component.
- **Banca web**. The project involves the gradual activation of various functions. To date, the following functions have been released:
  - Autonomous updating by the customer, through the CambianOnline internet banking channel, of personal data recorded in the Bank's information system, such as, for example, personal information and KYC questionnaires;
  - The sale of products and services to existing customers through a showcase of products that are accessible online on the CambianOnline internet banking channel;
  - Activation of the new CambianOnline digital channel, www.cambianonline.it, from which it is possible to become a Banca Cambiano customer through a specific onboarding process for new customers;
  - Activation of the new CambianOnline APP, completely renewed in terms of design and with new features and functions, such as, for example, the payment of postal/utility bills by scanning the QR code, or opening Time deposits directly from the App.

During 2024, the following additional functions will be launched to **develop commercial platforms** in support of customer assistance and sales processes.

In particular, the following activities have been planned:

- Adoption of a **wealth advisory information technology platform** integrated with Cabel Industry core banking, capable of efficiently supporting the consulting process, with an investment consulting model, divided into a "Basic Consulting" model and an "Advanced Consulting" model.
- **Brio Promotors Procedure**: completion of testing for MiFID profiling and placement of administered dossiers, broadening of the range of placed products and digitalising of instruction functions for product sales contracts.
- Creation of **App-based on-line trading** functions.
- Launch of a feasibility study for the **management of conditions related to administrated dossiers** through a new front-end software application.

Significant investments were made, and will continue to be made in the future, for compliance requirements related to **new regulations** that continue to be issued.

The main projects that will be started during 2024 refer to:

- **VAT – CESOP fraud management directive:**
    - (EU) Directive 2020/284, aimed at reinforcing the battle against VAT fraud, has introduced a new reporting requirement to Internal Revenue, for payment service providers (PSP), aimed at contrasting transnational VAT fraud. To this end, a new software will be prepared to identify cross-border payments and the respective beneficiaries, if at least 25 payments have been made (during the reporting quarter) in favour of the same beneficiary (even if made by different paying subjects), which must be reported to the Internal Revenue Office. Subsequently, the Internal Revenue Office must forward the information received to the central electronic system holding the database of payment information (CESOP). The first reporting date is due at 30/04/2024.
- **EPC - SEPA INSTANT PAYMENTS schemes/ SEPA SDD and SCT schemes:**
    - Compliance of acquisition and processing programs to the new xml formats as regards SEPA and SDD transfers, and of acquisition and processing programs for SCT and SDD files to the new Instant Payment schemes.
- **EMIR Regulation:**
    - The EMIR Regulation (EU Regulation n. 648/2012) was completely revised through the coming into effect of (EU) Regulation n. 2019/834 (so-called EMIR Refit), that introduced some novelties aimed at simplifying regulatory obligations and reducing costs. Additionally, on 7 October 2022, 6 technical regulatory and implementation standards were published (RTS and ITS), that made significant changes to reporting obligations as regards derivative trading information. Therefore, starting 29 April 2024, trading counterparties and data repertories will be subject to the new reporting standards provided for by the EMIR regulation.
- **SHRD II Directive:**
    - Directive 2017/828 (SHRD II) has amended the previous Directive on provisions aimed at guarantying the correct management of relations between listed companies and the respective shareholders. Specifically, the Shareholder Rights Directive grants listed companies the right to identify their shareholders and requires that intermediaries cooperate in this identification process. The project in question consists in automatising the process used to manage communications through issuers and shareholders.
- **Product accessibility and web services:**
    - The issue of Italian Legislative Decree 82/2022 transposing the Accessibility Act (EU Directive 2019/882) has completed the process for the evolution of regulations related to product accessibility and web services for consumers, already starting, in our country, with the Stanca Law (Law n. 4 of 9 January 2004), extending the audience affected by the regulation to all economic operators, and expanding the number of impacted properties. Specifically, the decree that transposes the Accessibility Act lists a series of products and services that, as of 28 June 2025, will have to meet the accessibility requirements required by the European Directive before being issued on the market. A preliminary analysis will be conducted in 2024, to identify the respective implementation activities.
- **BASEL IV:**
    - To complete implementation of the Basel III agreement in the EU, on 27 October 2021, the European Commission adopted a new legislation package that revises prudential bank governance (so-called Banking Package 2021), defined primarily by the CRR Regulation and by the CRD4 Directive, with the aim of reinforcing the resilience of credit institutions with respect to potential future economic shocks. The implementation of the regulatory requirements provided for by the Banking Package 2021 has entailed conducting a primary analysis; based on the outcome of the analysis, transversal compliance programs regarding target processes aimed at updating capital absorption calculation regulations in a “risk sensitive” manner, will be initiated.

In conclusion, the Bank continues to invest in the ICT security project, aimed at ensuring high levels of service reliability and security, providing the utmost guaranty for the Bank and for counterparties, that entails the creation of technical and organisational monitoring mechanisms within the scope of the security of the internal network, the management of logical accesses by employees, the monitoring of anomalous security events, and fraud management.

The Organisational Office, with the support of the CED/IT Office, is in charge of the progress status of the planned initiatives, and monitor the risks connected to outsourced management of the IT system, ensuring that high service levels are maintained, in compliance with the Bank's requirements.

Activities carried out with the participation, also within the offices of the Italian Banking Association, in work seminars such as ABILAB and conferences to study specific technical and organisational issues have also been intense.

Risk management and control

The Board of Directors is charged with verifying the functionality, reliability, adequacy and completeness of the system of internal controls. To fulfil this important role, the Board of Directors, aided by the Risk Committee (committee within the board), dictates the rules, methods, limits and types, and frequency of reporting.

The Risk Appetite Framework (RAF) is constantly updated, and finalised at defining, ex ante, the risk level that the Bank considers sustainable and, consequently, the entity of risk that the latter intends to take on, setting operational limits as a consequence thereof.

As provided for by vigilance regulations, the Bank has also drawn up a Recovery Plan, that identifies indicators for every area considered of relevance (capital, liquidity, profitability and quality of assets), in order to allow for the timely activation of every possible remedy intervention, in the event that said limits are exceeded.

Risk management and control require the identification of significant risks of the activity carried out by the Bank, pertaining not only to the typical financial brokerage and credit activities, but also to the correct structuring and implementation of processes, and their compliance with reference regulations.

For each risk, assessment, monitoring, organisational systems, strategies and mitigation techniques are defined. First and Second Pillar risks, as defined in the Basel 3 Convention, are subject to quantification.

For First Pillar risks (credit and counterparty risk, market risk, operational risk), that contribute to the definition of capital requirements, standardised methods are adopted, in compliance with regulations on the matter. For concentration risk, the regulatory approach and the ABI guidelines are adopted. For rate risk, an internal model based on the method of regulatory calculation with the behavioural analysis of the entries is used. For residual risk, associated to the actual capacity of guarantees to mitigate the risk of loss, a process of preventive verification on the admissibility of the guarantees is used, supervised by the Conformity and Risk Management functions. As regards liquidity risk, the short-term net liquidity position, the liquidity gap and the counter-balancing capacity trend are calculated. The Liquidity Coverage Ratio – LCR is calculated, as is the Net Stable Funding Ratio - NSFR).

In compliance with prudential vigilance provisions, the Bank also annually assesses:

- Within the scope of the ICAAP (Internal Capital Adequacy Assessment Process) that the capital planning process, the overall risk exposure and the consequent determination of overall internal capital are in line with the profile and the strategy adopted and that capital is adequate – by amount and composition – to hedge the risks identified in ordinary and stress conditions, both current and future, and in compliance with regulatory requirements and consistent with own funds;
- Within the scope of the ILAAP (Internal Liquidity Adequacy Assessment Process), that the liquidity risk governance and management system and the planning of levels of liquidity reserves and of funding sources are adequate and consistent with the system of overall controls and management.

The Bank has also drawn up the Information Statement, making it available to the public, pursuant to EU Regulation n. 575/2013, regarding capital adequacy, risk exposure and the general characteristics of the relative systems in place to identify, measure and manage risks.

The Bank is now classified as a class 2 intermediary for the purposes of ICAAP.

Part E of the Explanatory Notes contains all the qualitative and quantitative information regarding risks and hedging policies.

The Internal Controls System

The Internal Controls System (ICS) is structured on three control levels, as provided for by vigilance regulations, and entails:

- First level or line controls, inherent to company processes;
- Second level controls on the entity and trends of risks and on conformity to regulations;
- Third level controls, or internal audits, to verify processes and behaviours ex post.

The company second level (Conformity, Risk Management) and third level (Internal Audit) control functions report directly to the Board of Directors.

To ensure greater efficacy of the overall internal controls system, the Bank has, for some time, formalised decision-making processes and appointed responsibilities to the various company functions, through specific regulations are constantly updated; it has ensured the independence and autonomy of company control functions and has activated operational control procedures aimed at minimising the risks associated to fraud or employee infidelity, to prevent and mitigate potential conflicts of interest, and to avoid involvement, even be it unintentional and unaware, in money-laundering of financing of terrorism.

The Bank has also equipped itself with information and organisational systems suited to ensuring the company's business continuity even in case of adverse events.

The Risk Committee

In compliance with vigilance regulations, the Bank's Board of Directors, in order to better execute its duties on the matter of risk monitoring, and implementation and verification of the internal control systems for the Bank and for the Group, has created the Risk Committee. Said Committee, within the Board itself, carries out advisory, and, where necessary, preliminary inspection activities and supports the Board of Directors regarding risks and internal controls.

Particular attention is given to activities that are necessary and instrumental to allow the Board of Directors to a correctly and effectively determine the RAF (Risk Appetite Framework) and the risk management policies.

The Vigilance 231 Organism

Pursuant to Legislative Decree 231/01, a Vigilance Organism has been set up, to supervise the administrative responsibility of the company. For the control purposes it has been assigned, the Vigilance Organism has the power to acquire any information or company document, to directly access said documents and to inspect all the structures, functions, branches and operational centres of the Bank.

In executing its functions, the Vigilance Organism acts in a fully independent manner with respect to any Bank structure. It reports exclusively to the Board of Directors regarding the outcome of the activities carried out, transmitting specific reports.

The Compliance Function

The Compliance Function, with its requirements regarding independence, authority and professionalism, that allow it to access all relevant information, oversees, according to an approach based on the risk, the risk of non-conformity to all regulations, with respect to the whole of the company's activities. This function verifies that company processes are suited to preventing the violation of hetero-regulatory (laws, regulations, etc.) and self-regulatory (for example, codes of conduct, ethical codes, policies and internal regulations) provisions. Particular attention is given to conflicts of interest and to all regulations that have greater impact on customer relations, such as usury, investment services, claims, etc. This Function works on the basis of an annual action plan, submitted to the Board of Directors for approval, that identifies all the principal risks to which the Bank is exposed, and plans the respective audit interventions. The Function is structured based on a centralised organisational model with the identification of "Specialised Overview Unit" regarding taxation, processing of personal data and workplace health and safety.

The Anti-money Laundering Function

Risk of money laundering and financing of terrorist activities means the possibility that the Bank become involved, even unintentionally, in the re-introduction within the financial system of profits deriving from illegal activities, or in activities aimed at committing one or more crimes with terroristic aims that could engender reputational damage and economic losses. In order to adequately guard against money laundering risks, the Bank has adopted a Policy that defines the strategic guidelines and the governance policies for risks connected to money laundering and the financing of terrorist activities. The principles contained in said policy are outlined in processes and procedures aimed at ensuring conformity with anti-money laundering regulations, which are of relevance also for the purpose of the "Organisational, management and control model, ex Legislative Decree 231/2001".

The Bank guards against the risk of money laundering and financing terrorist activities through a series of first level controls present in the IT procedures, or executed by each operational unit, through second level controls by the specific Function, and by third level controls by the Internal Audit Function.

The Anti-money laundering Function, responsible for anti-money laundering activities, transmits the statistical aggregated data, the "Objective Communications" regarding the use of cash, and notifications of any suspect operations (SOS) to the Financial Information Unit, and sends notification of violations of regulations, pursuant to art. 49 del Lgs. Decree 231/07, to the MEF. The Anti-money laundering Function works on the basis of an annual action plan, submitted to the Board of Directors for approval, that programs the respective control activities.

The Risk Management Function

The activity of the Risk Management Function is aimed at measuring and controlling risks taken by the Bank. It does so by:

- Contributing to the definition of the Bank's profile of acceptable risk (Risk Appetite Framework) and of the Recovery Plan indicators;
- Developing measurement models for the various types of risk (credit, market, operational, reputational, liquidity, interest rate, spread and concentration risk) and verifying, in an ongoing manner, the validity thereof in terms of both methodological rigor and the capacity to interpret risks;
- Verifying that the risk limits provided for by the RAF and the Recovery plan, as well as any additional limits defined by the Board of Directors, are respected.

In particular, the Risk Management Function works to:

- control credit risk, monitor the trend of a wide range of phenomenon and indicators, in order to keep the risk in question under full control;
- control market risk, develop the model to calculate the variation and the measures for sensitivity to interest rate and spread fluctuations;
- control liquidity risk, elaborate the regulatory indicators for the Liquidity Coverage Ratio and the Net Stable Funding Ratio, with the aim of providing an overview of the Bank's liquidity risk profile;
- monitor operational risk, gather information on operational losses.

The Risk Management function submits an ample report to the Board of Directors and to General Management, describing the evolution of all the monitored risk classes. For greater details on this activity, please refer to Part E of the Explanatory Notes.

The Internal Audit Function

Internal Audit activities (so-called "third tier controls") are aimed at, on the one hand, verifying the regular performance of operations and evolution of risk, at a third-tier control level, and on the other hand at periodically assessing the completeness, adequacy, functionality and reliability, in terms of efficiency and efficacy, of the organisational structure and of other internal control system components, including those on the information and computer technology system (ICT audit), at regular intervals, based on the nature and intensity of the risks.

With this purpose in mind, the Audit Plan approved by the Bank's Board of Directors was implemented, and a wide range of audit activities on various company processes and on the network of branches. Primary focus was given to risk monitoring systems, with more in-depth analyses reserved to the credit segments, outsourced activities and, generally speaking, to the methods of application of the principle regulatory provision. Audit activities were no less important, and were aimed at verifying the reliability and functionality of company IT systems, including those to fight "cybercrime", internal and external ICT processes and operational continuity, as well as verifications of the correct operation of territorial networks.

The support and direct participation of the Internal Audit Function to the work of the Risk Committee, the Board of Statutory Auditors and the Vigilance Organism, of which the Supervisor of the Function is a permanent member, was constant.

Transactions with Related Parties and Intra-group Transactions

In accordance with prudential regulations regarding risk activities and conflict of interest vis-à-vis related parties, please note that no noteworthy transactions were carried out with related parties, pursuant to pertinent regulations and criteria adopted within the scope of implemented policies, regarding which the Independent Director and/or the Board of Statutory Auditors formulated a negative judgment or made observations. Transactions of an ordinary or recurring nature executed during the fiscal year with related parties fall within the scope of normal Bank operations and are negotiated at market conditions and always on the basis of reciprocal economic convenience and in compliance with the aforementioned internal procedures. Detailed information regarding transactions with related parties, including information regarding the effect of operations or existing positions with said counterparties on financial and network and on the year end results, accompanied by the summary tables of said effects, are provided in Part H of the Explanatory Notes.

Significant events subsequent to the closing of the fiscal year

Bank of Italy – Transparency inspections

From 23 October to 20 December 2023, the Vigilance authority conducted "transparency" inspections at five bank branches, focusing on the correct application of national regulations transposing the "PAD" Directive (2014/92/EU). On 18 March 2024, the Bank received the Vigilance report, containing the results of the on-site inspection, of the initiatives already undertaken by the Bank, and the request for corrective actions, to which the Bank promptly reacted, preparing a remedial plan.

Multimedia communication project

During the month of March, a multimedia communication project was initiated, subdivided into the following actions: (1) Virtual Assistant on the web site and positioning of a QR Code on bank statement documents, referring to the Virtual Assistant, (2) Multimedia Totem with Virtual Assistant for branches, (3) Creation of the Sm@rt Document, and (4) Integration of the Virtual Assistance and Sm@rt Document with the Mobile App and Internet Banking systems.

In particular, within 3/6 months, the Virtual Assistance is expected to be formed and launched on the cambianonline.it web site, and simultaneously the QR Code will be put into production on bank statement documents, for interaction of the Virtual Assistant with the holders of bank accounts.

The Funding Plan for 2024-2026 and the Contingency Funding Plan

During the meeting held on 28 February 2024, the Board of Directors analysed and approved the "Funding Plan for 2024-2026" that comprises extraordinary transactions to acquire liquidity, with the exception, starting from the second semester of 2024, of recourse to ECB refinancing transactions at months for about 300 million euro with Abaco mortgage guarantee; these transactions serve to guaranty adequate liquidity buffers that are also sufficient to address any possible stress situation.

The other principal sources of liquidity provided for, within the scope of the Plan are:

- in compliance with the investment policy adopted by the Bank, also based on the maturity of TLTRO refinancing transactions, a reduction due to maturity of debt securities, essentially Italian government bonds, for a total of € 425 million (approximately € 320 in 2024 and approximately € 105 in 2025), prevalently in the FVOCI accounting portfolios and at amortised cost;
- continuing improvement of the efficiency of the lending/direct deposits ratio, by reducing, the overall lending portfolio by approximately € 80 million during the 2024 fiscal year as well, following the reduction by about 110 million during the 2023 fiscal year, and subsequently keeping this portfolio substantially stable in 2025. Deposits are expected to grow by about € 100 million during the 2024 fiscal year, and by € 70 million in 2025, while investment fundings is expected to decrease essentially due to the maturity, during the 2024 fiscal year, of the overall TLTRO refinancing transactions, for € 535 million, partially offset by the planned recourse to the aforementioned ECB refinancing transactions, based on the actual market conditions, could be used to partially recompose the own securities portfolio.

During the same meeting, the Board also approved the Contingency Funding Plan, which was fully revised and, specifically, both the systemic and specific crisis indicators and the process for the alert and crisis status were revised.

Immobiliare 1884 srl

The Board of Directors of the Parent Company, Banca Cambiano 1884 Spa, during the meeting held on 28 February 2024 approved: (i) modification of the corporate purpose in the Articles of Incorporation of Immobiliare 1884 Srl in the provisions excluding that banks can carry out real estate activities of a merely speculative nature, (ii) modification of the composition of the Corporate Organisms of the subsidiary, and (iii) the restructuring of loans, in order to better identify operations on single investments.

TLTRO refinancing transactions

Specifically as regards TLTRO refinancing transactions, the advanced reimbursement, in March, of the June tranche (€ 100 million) and of a part of the September tranche (€ 100 million of a total of 320 million) has been hypothesised; for the remaining part of the September tranche (€ 220 million) and for the December tranche (€

115 million), reimbursement has been hypothesized at maturity, using the maturity dates of the government bonds in the own securities portfolio.

Foreseeable management trend

In 2023, the global GNP grew by about 3%, just slightly better than expected, but still weak compared to the past. Global growth seems destined to slow down to 2.7% in 2024, due to the delay with which the monetary restrictions are having effect, to the reduction of savings reserves (accumulated during the pandemic), and the economic slowing down in China, which is structural in nature. It is expected that the United States economy will expand by 1.0% in 2024, a drop compared to the 2.4% growth registered in 2023, while the growth of the Chinese GNP is expected to drop below 5%, to 4.5%, within a context of dropping real estate price, low faith levels, and the deterioration of demographic trends. A modest growth (0.5%) is expected in the Eurozone, in line with last year's results The weakness factors remain predominant, as the transmission of the ECB's rise of interest rates has yet to have full effect, putting the resilience of labour markets to the test. Two factors will probably support economic growth in 2024: the drop in inflation, and a gradual recovery of global commerce, starting from the current, extremely low, levels. The Italian economy should continue to grow moderately this year, expanding by 0.6% with the respect to 0.7% in 2023. The recovery of private consumption will play a significant role, as a significantly lower inflation rate will support household spending power. A gradual recovery of global commerce will also support exports and investments. The average inflation rate in the Eurozone is expected to drop to 2.3% in 2024, and slightly below 2% in 2025. The ECB will probably begin to cut reference rates during the second quarter, once it has sufficient evidence that the deceleration of salary trends is consistent with the 2% inflation rate objective. The rate on deposits is expected to drop to 2.75% by the end of 2024 and to 2.25% by the end of 2025.

As regards Gruppo Cambiano, and in particular the Bank, the operational plan for the 2024 fiscal year includes: (i) a reduction of rates starting from the second semester of the fiscal year, with a 0.75 b.p. drop at the end of 2024, (ii) a reduction of economic lending (about 165 million on average), with the aim of containing the absorptions of RWA and of financial lending (about 391 million average) in line with the reimbursement of financing operations (TLTRO) by ECB, (iii) an increase in deposits (about 134 million on average) also using innovative channels and the digital branch, and a reduction of financial funding (about 391 million on average) due to the reimbursement of the TLTRO transactions, only partially offset by an increase in financial funding, (iv) and increase in the sale of managed products (about 50 million plan time span), of mutual funds and of insurance products, with the resulting increase of commission income on said products, and (v) the growth of di trading activities with respect to previous fiscal periods (also through equity asset management entrusted to third parties), that will run parallel to activities to invest liquidity in securities allocated to the portfolio or HTC based on market opportunity and in accordance with company policies.

Banca Cambiano will continue to pursue the philosophy of its Strategic Plan, supporting its customers and the community where it operates, generating value of Stakeholders.

Proposal for allocation of fiscal year profits

The financial statements were drawn up in compliance with the international IAS/IFRS accounting standards and according to the requirements of Italian Legislative Decree n. 38 of 28 February and Bank of Italy Order n. 262 of 22 December 2005 and subsequent amendments, and was subject to regulatory audit of accounts by the company Deloitte & Touche S.p.A.

The Board of Directors, in the resolution made regarding the allocation of profit, decided to allocate the majority of profits to reserves, continuing along the path undertaken to reinforce equity, but to also continue to distribute a measured dividend to shareholders.

Moreover, taking into account the resolution approved in the month of November 2023, the proposal for the allocation of the 2023 fiscal year profits also involves allocation to a non-distributable reserve of an amount equal to 2.5 time the extraordinary tax introduced by article 26 of Italian L. Decree n. 104 of 10 August 2023 (extraordinary tax calculated on the increase of interest income), for an overall amount of € 11,947,876.

This proposal is considered consistent with the plan for capital strengthening and does not affect the prescribed capital ratios, also because the calculation of own funds and consolidated prudential requirements that must be transmitted to Bank of Italy within the scope of prudential vigilance reporting (COREP) and statistical reporting (FINREP) is made with reference to Ente Cambiano Scpa (cod. 20067) which, according to European Capital Requirements Regulation (CRR), is the financial parent company and therefore the amount of said dividends attributable to Ente Cambiano, equal to 85.45%, will remain in the overall regulatory capital.

Within the scope of the declared objectives of reinforcing the Bank's capital profile, the Board of Directors proposes to allocate the fiscal year profit as follows:

PROPOSAL FOR ALLOCATION OF PROFIT FOR THE FISCAL YEAR	**Amount**
NET PROFIT TO BE ALLOCATED	**22,074,500**
Proposal of the Board of Directors	
To legal reserve (5.00% of profits)	1,103,725
To extraordinary reserve	7,368,394
To tax suspension reserve for D.L. 104 of 10/08/2023	11,947,876
To shareholders as dividends (€ 0.0065 for each of the n. 254,539,130 ordinary shares)	1,654,504
Total	**22,074,500**

Final considerations

Esteemed Shareholders,

in conclusion to this Report on the financial statements for the fiscal year, we wish to thank all those who have contributed to reaching the results herein illustrated.

To our Customers, who have given us, and continue to give us, their preference, go our sincere thanks, along with the renewed confirmation of our ongoing commitment to repay their trust with professional expertise and courtesy always commensurate to expectations. Thanks are also due, but no less sincere, to bank personnel at all employment levels, an essential Bank resource, without whose constant commitment it would not be possible to reach company objectives. To General Management goes our appreciation for the manner in which it has lead the Bank for all these years, allowing it to carry out its role and reach excellent results in an ever-challenging context.

Sincere acknowledgement and thanks are due to the members of the Board of Statutory Auditors, for the professionalism demonstrated in performing their delicate function.

To Bank of Italy our full respect for the authoritative and constant attention dedicated to the bank.

And finally, our thanks to all the Shareholders, in particular those who have newly joined the ranks, accompanied by a renewed affirmation to all that a sense of responsibility and full awareness of the service-based role that has always characterised the actions of the bank's governance, control and operational bodies will continue to be the guiding principles, as we continue to strive for better results, consistent with the nature of this Bank for 140 years.

Florence, 20 March 2024

The Board of Directors

SCHEDULES TO THE COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

	Asset line items	31/12/2023	31/12/2022
10	Cash and cash equivalents	341,067,025	49,761,309
20	Financial assets measured at fair value with impact on profit and loss account	182,144,705	208,528,387
	a) financial assets held for trading	84,559,909	67,555,234
	b) financial assets measured at fair value	0	0
	c) other financial assets obligatorily measured at fair value	97,584,796	140,973,153
30	Financial assets measured at fair value with impact on total profits	474,948,630	612,350,039
40	Financial assets measured at amortised cost	3,501,780,880	3,746,241,791
	a) receivables from banks	83,277,363	141,060,644
	b) receivables from customers	3,418,503,517	3,605,181,147
50	Hedges	0	0
60	Adjustment of value of generic hedges for financial assets (+/-)	0	0
70	Equity investments	48,172,380	49,715,749
80	Property, plants and equipment	62,376,039	64,960,239
90	Intangible assets	4,851,911	4,082,139
	of which goodwill	0	0
100	Tax receivables	19,315,994	32,875,838
	a) current	2,282,950	4,118,771
	b) pre-paid	17,033,045	28,757,067
110	Non-current assets and groups of assets in the course of divestment	0	0
120	Other assets	174,677,751	103,222,240
	Total assets	**4,809,335,315**	**4,871,737,730**

	Liabilities and shareholders' equity line items	**31/12/2023**	**31/12/2022**
10	Financial liabilities measured at amortised cost	4,418,593,180	4,607,521,762
	a) payable to banks	605,353,663	1,053,368,523
	b) payable to customers	3,640,818,643	3,395,579,724
	c) outstanding securities	172,420,874	158,573,515
20	Financial liabilities from trading	442,452	97,671
30	Financial liabilities measured at fair value	0	0
40	Hedges	0	0
50	Adjustments of value of generic hedges for financial liabilities (+/-)	0	0
60	Tax liabilities	65,698	1,499,182
	a) current	35,676	1,349,753
	b) deferred	30,023	149,429
70	Liabilities associated to assets in the course of divestment	0	0
80	Other liabilities	110,563,035	44,034,585
90	Employee severance pay	3,026,475	3,182,853
100	Risk and expense funds:	7,340,373	8,207,341
	a) commitments and issued guarantees	2,099,204	1,977,083
	b) pensions and similar obligations	0	0
	c) other risk and expense funds	5,241,170	6,230,258
110	Valuation reserves	-7,782,837	-20,515,688
120	Redeemable shares	0	0
130	Capital instruments	40,000,000	30,000,000
140	Reserves	-38,590,801	-53,655,177
150	Premiums on issue of shares	803,240	803,240
160	Share capital	252,800,000	232,800,000
170	Treasury shares (-)	0	0
180	Profit/loss	22,074,500	17,761,960
	Total liabilities and shareholders' equity	**4,809,335,315**	**4,871,737,730**

PROFIT AND LOSS ACCOUNT

	Line items	31/12/2023	31/12/2022
10	Earned interest and similar income	159,814,865	87,414,135
	of which: earned interest calculated using the actual interest method	154,962,457	86,155,300
20	Interest expenses and similar expenses	-74,791,225	-11,675,486
30	**Interest income**	**85,023,640**	**75,738,648**
40	Commission income	36,961,510	37,061,559
50	Commission expenses	-6,065,509	-4,787,702
60	**Net commission income**	**30,896,000**	**32,273,856**
70	Dividends and similar income	588,393	602,574
80	Net trading result	10,226,097	15,160,010
90	Net hedging result	0	-2,267
100	Gains (losses) from the disposal or repurchase of:	-3,150,048	262,268
	a) financial assets measured at amortised cost	-3,972,436	423,248
	b) financial assets measured at fair value with impact on total profits	665,761	-224,796
	c) financial liabilities	156,627	63,816
110	Net result of other financial assets and liabilities measured at fair value impact on profit and loss account:	-1,410,282	-5,003,212
	a) financial assets and liabilities measured at fair value	0	0
	b) other financial assets obligatorily measured at fair value	-1,410,282	-5,003,212
120	**Operating income**	**122,173,800**	**119,031,878**
130	Net adjustments/write-backs due to impairment of:	-18,079,713	-21,307,286
	a) financial assets measured at amortised cost	-18,304,832	-20,945,367
	b) financial assets measured at fair value with impact on total profits	225,118	-361,918
140	Profit/losses due to contract modifications without derecognition	137,168	219,326
150	**Net income from financial assets**	**104,231,254**	**97,943,919**
160	Administrative costs:	-77,386,204	-71,844,167
	a) personnel costs	-33,415,113	-31,668,688
	b) other administrative costs	-43,971,091	-40,175,479
170	Net allocations to risk and expense funds	1,055,649	-214,041
	a) commitments and issued guarantees	-122,120	-94,730
	b) other net allocations	1,177,769	-119,311
180	Net adjustments/write-backs on property, plants and equipment	-5,251,244	-5,498,657
190	Net adjustments/write-backs on intangible assets	-2,169,027	-1,574,295
200	Other operating income/expenses	8,273,485	2,556,555
210	**Operating costs**	**-75,477,341**	**-76,574,605**
220	Profit (Loss) of equity investments	-324,464	967,837
230	Net result of fair value measurement of property, plant and equipment and intangible assets	0	0
240	Adjustments to value of goodwill	0	0
250	Gains (losses) from disposal of investments	88,585	16,117
260	**Gains (Losses) from current operations before tax**	**28,518,035**	**22,353,268**
270	Income tax for the period on current operations	-6,373,608	-4,591,308
280	**Gains (Losses) from current operations after tax**	**22,144,427**	**17,761,960**
290	Gains (losses) from disposed assets after tax	-69,927	0
300	**Profit (loss) for the fiscal period**	**22,074,500**	**17,761,960**

SCHEDULE OF OVERALL PROFITABILITY

	Line items	31/12/2023	31/12/2022
10	**Profit (loss) for the year**	**22,074,500**	**17,761,960**
	Other income components net of tax without reversal to the income statement		
20	Capital securities measured at fair value with impact on total profits	-91,918	-250,244
30	Financial liabilities measured at fair value with impact on profit and loss account (variations of own creditworthiness)	0	0
40	Hedges on capital securities measured at fair value with impact on total profits	0	0
50	Property, plants and equipment	0	0
60	Intangible assets	0	0
70	Defined benefit plans	-68,887	348,554
80	Non-current assets and groups of assets in the course of divestment	0	0
90	Share of valuation reserves of equity investments measured on the basis of shareholders’ equity	0	0
	Other income components net of tax with reversal to the income statement		
100	Hedging of foreign investments	0	0
110	Exchange rate differences	0	0
120	Hedges on cash flows	0	0
130	Hedging instruments (unmeasured instruments)	0	0
140	Financial assets (other than capital securities) measured at fair value with impact on total profit	12,674,957	-18,354,837
150	Non-current assets and groups of assets in the course of divestment	0	0
160	Share of valuation reserves of equity investments measured on the basis of shareholders’ equity	218,699	0
170	**Total other income components net of tax**	**12,732,851**	**-18,256,527**
180	**Overall profitability (line item 10+170)**	**34,807,351**	**-494,567**

SCHEDULE OF VARIATIONS TO SHAREHOLDERS' EQUITY

SCHEDULE OF VARIATIONS TO SHAREHOLDERS' EQUITY AT 31/12/2023	Amounts at 31/12/2022	Modification of opening balances	Amounts at 01/01/2023	Allocation of prior fiscal year results		Fiscal year variations								
							Transactions on shareholders' equity							
				Reserves	Dividends and other allocations	Variations of reserves	Issue of new shares	Purchase of treasury shares	Extraord. distrib. of dividends	Variation of capital instruments	Derivatives on treasury shares	Stock options	Overall profitability for the fiscal year 31/12/2023	Shareholders' equity at 31/12/2023
Share capital: **a) ordinary shares** **b) other shares**	**232,800,000** **0**		232,800,000				20,000,000							**252,800,000** **0**
Premiums on issue of shares	**803,240**		803,240											**803,240**
Reserves: **a) from gains** **b) other**	**-53,655,177** **0**		-53,655,177	16,561,876						-1,497,500				**-38,590,801** **0**
Valuation reserves	**-20,515,688**		-20,515,688										12,732,851	**-7,782,837**
Capital instruments	**30,000,000**		30,000,000							10,000,000				**40,000,000**
Treasury shares	**0**													**0**
Fiscal year profit (loss)	**17,761,960**		17,761,960	-16,561,876	-1,200,084								22,074,500	**22,074,500**
Shareholders' equity	**207,194,336**	**0**	**207,194,336**	**0**	**-1,200,084**	**0**	**20,000,000**	**0**	**0**	**8,502,500**	**0**	**0**	**34,807,351**	**269,304,102**

SCHEDULE OF VARIATIONS TO SHAREHOLDER'S EQUITY AT 31/12/2022	Amounts at 31/12/2021	Modification of opening balances	Amounts at 01/01/2022	Allocation of prior fiscal year results		Fiscal year variations								
							Transactions on shareholders' equity							
				Reserves	Dividends and other distributions	Variations of reserves	Issue of new shares	Purchase of treasury shares	Extraord. distrib. of dividends	Variation capital instruments	Derivatives on treasury shares	Stock options	Overall profitability for the fiscal year 31/12/2022	Shareholders' equity al 31/12/2022
Share capital: **a) ordinary shares** **b) other shares**	**232,800,000** **0**		232,800,000											**232,800,000** **0**
Premiums on issue of shares	**803,240**		803,240											**803,240**
Reserves: **a) from gains** **b) other**	**-50,310,898** **0**		-50,310,898	-821,566	-1,100,213					-1,422,500				**-53,655,177** **0**
Valuation reserves	**-1,160,629**	-1,098,531	-2,259,160										-18,256,527	**-20,515,688**
Capital instruments	**27,000,000**		27,000,000							3,000,000				**30,000,000**
Treasury shares	**0**													**0**
Fiscal year profit (loss)	-821,566		-821,566	821,566									17,761,960	**17,761,960**
Shareholders' equity	**208,310,147**	**-1,098,531**	**207,211,616**	**0**	**-1,100,213**	**0**	**0**	**0**	**0**	**1,577,500**	**0**	**0**	**-494,567**	**207,194,336**

The column "Modification of opening balances" includes the adjustment to balances at 31 December 2021 in application of the correction of the error made by the subsidiaries.

The column "Allocation of previous year's result " includes the effects of the retroactive adjustments pursuant to the IFRS3 principle on data relating to the 2021 fiscal year and consequent modifications of the reserves.

CASH FLOW STATEMENT

	AMOUNTS AT 31/12/2023	AMOUNTS AT 31/12/2022
A. OPERATING ASSETS		
1 Operations	**51,495,699**	**60,305,386**
- Fiscal year results (+/-)	22,074,500	17,761,960
- Gains/losses on financial assets held for trading and on other financial assets/ liabilities measured at fair value con impact on profit and loss account (-/+)	-1,326,817	9,355,572
- Gains/losses on assets used for hedging (-/+)	0	2,267
- Net adjustments/write-backs due to impairment (+/-)	18,079,713	21,307,286
- Net adjustments/write-backs on property, plant, and equipment and intangible assets (+/-)	7,420,271	7,072,952
- Net allocations to risk and expense funds and other costs/income (+/-)	-1,055,649	214,041
- Outstanding duties, taxes and receivables(+/-)	6,373,608	4,591,308
- Net adjustments/write-backs of groups of assets being divested net of tax (+/-)	-69,927	0
- Other adjustments (+/-)	0	0
2 Liquidity generated/absorbed by financial assets	**333,265,390**	**-103,364,353**
- Financial assets held for trading	-14,440,345	-600,417
- Financial assets measured at fair value	0	0
- Other assets obligatorily measured at fair value	42,150,844	-54,246,970
- Financial assets measured at fair value with impact on total profits	137,519,933	-85,957,110
- Financial assets measured at amortised cost	226,262,674	67,558,515
- Other assets	-58,227,716	-30,118,372
3 Liquidity generated/absorbed from financial liabilities	**-118,524,862**	**-9,054,810**
- Financial liabilities measured at amortised cost	-188,928,581	58,754,865
- Financial liabilities from trading	344,781	-596,075
- Financial liabilities measured at fair value	0	0
- Other liabilities	70,058,938	-67,213,600
Net liquidity generated/absorbed by operating assets	**266,236,227**	**-52,113,777**
B. INVESTMENT ACTIVITIES		
1 Liquidity generated by	**5,321,114**	**10,429,188**
- Sale of equity investments	1,557,745	0
- Dividends received from equity investments	0	0
- Sale of property, plants and equipment	3,763,369	10,429,188
- Sale of intangible assets	0	0
- Sale of branches of business	0	0
2 Liquidity absorbed by	**-9,051,540**	**-15,443,087**
- Purchase of equity investments	-265,863	-1,652,850
- Purchase of property, plants and equipment	-5,746,935	-11,780,190
- Purchase of intangible assets	-2,938,743	-2,010,046
- Purchase of branches of business	-100,000	0
Net liquidity generated/absorbed by investment activities	**-3,730,426**	**-5,013,898**
C. FUNDING ACTIVITIES		
- Issue/purchase of treasury shares	20,000,000	0
- Issue/purchase of capital instruments	10,000,000	3,000,000
- Distribution of dividends and other purposes	-1,200,084	-1,100,213
Net liquidity generated/absorbed by funding activities	**28,799,916**	**1,899,787**
NET LIQUIDITY GENERATED/ABSORBED DURING THE FISCAL YEAR	**291,305,716**	**-55,227,888**

BALANCE SHEET LINE ITEMS	Amounts at 31/12/2023	Amounts at 31/12/2022
Cash and cash equivalents at the beginning of the fiscal year	49,761,309	104,989,197
Total net liquidity generated/absorbed during the fiscal year	291,305,716	-55,227,888
Cash and cash equivalents: effects of changes in exchange rates	0	0
Cash and cash equivalents at the close of the fiscal year	341,067,025	49,761,309

EXPLANATORY NOTES

PART A – Accounting policies

A.1 - GENERAL PART

Section 1 – Statement of conformity to International Accounting Standards

The financial statements of Banca Cambiano 1884 s.p.a. were prepared in compliance with the IAS/IFRS1 international accounting standards issued by the International Accounting Standards Board (IASB) and the relative interpretations of the International Financial Reporting Interpretation Committee (IFRIC) approved by the European Commission and in force at 31 December 2023, transposed into Italian law by Legislative Decree n. 38/2005 that exercised the option provided for by EC Regulation n. 1606/2002 on the matter of international accounting standards. were prepared based on the instructions issued by Bank of Italy, exercising the faculties set forth in art. 43 of Italian Legislative Decree n. 136/2015, with Measure dated 22 December 2005 issuing Circular n. 262/05 "Banking financial statements: schedules and rules for preparation" up to the 8th update of 17/11/2022. These instructions outline the obligatory schedules to the financial statements and the respective methods of preparation, as well as the contents of the Explanatory Notes. The financial statements are composed of balance sheet, the income statement, the schedule of overall profitability, the table of variations to shareholders' equity, the Explanatory Notes and is accompanies by a report on operations. The schedules to the balance sheet and income statement are drawn up in Euro units and all other schedules and the tables in the Explanatory Notes are in thousands of Euros. The accounting standards adopted to draw up the financial statements for the year 2023, as regards the stages of classification, recognition, valuation and derecognition of the various line items for assets and liabilities, and also as regards the methods for recognition of revenues and expenses, are unvaried with respect to the financial statements for the year 2022 with the exception of changes made pursuant to the entry into effect, on 1 January 2023, of the new accounting principles detailed below.

<table>
<tr><th>Title of the document</th><th>Date of publication</th><th>Effective as of</th></tr>
<tr><td>Principio IFRS 17 – Insurance Contracts intended to replace the IFRS 4 accounting principle – Insurance Contracts. The aim of the new principle is to guaranty that an entity provides pertinent information that faithfully represents the rights and obligations deriving from issued insurance contracts. The IASB has developed this standard to eliminate incongruencies and weaknesses in existing accounting policies, providing a sole principle-based framework to account for all types of insurance contracts, including reinsurance contracts held by an insurer. The new principle also provides for presentation and information requirements to improve comparability between companies in this sector. The new principle measures insurance contracts on the basis of a General Model or a simplified version thereof, called the Premium Allocation Approach ("PAA"). The main characteristics of the General Model are:

estimations and hypotheses on future cash flows are always the current ones;
measurement reflects the time value of money;
estimations provide for an extensive use of information observable on the market;
there is a current and explicit measurement of risk;
expected profit is deferred and aggregated into groups of insurance contracts at the moment of initial measurement;
expected revenue is measured in the period of contract coverage, taking into account adjustments deriving from changes in the hypothesis regarding cash flows relative to each group of contracts.

The PAA measures liabilities for residual coverage of a group of insurance contacts provided that, on initial recognition, the entity foresees that said liability reasonably represents an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications deriving from application of the PAA method do not apply to the measurement of liabilities for existing claims, that are measured using the General Model. Nevertheless, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year of the date in which the claim has been submitted,

The entity must apply the new principle to issued insurance contracts, including issued reinsurance contracts, to held reinsurance contract and also to investment contracts with a discretionary participation feature (DPF).

These changes have been applied starting 1 January 2023. The application of this principle and the relative amendment have not had any effects on the Bank's financial statements.</td><td>18/05/2017</td><td>01/01/2023</td></tr>
<tr><td>Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information. This amendment is a transition option regarding comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities from insurance contracts, and therefore at improving the usefulness of comparative information for anyone reading the financial</td><td>09/12/2021</td><td>01/01/2023</td></tr>
</table>

Title of the document	Date of publication	Effective as of
statements. These changes have been applied starting 1 January 2023. The application of this principle and the relative amendment have not had any effects on the Bank's financial statements.		
Publication of the following amendments: "**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2**" AND "**Definition of Accounting Estimates—Amendments to IAS 8**". These changes are aimed at improving the disclosure of accounting policies so as to provide information that is more useful to investors and other primary users of the financial statements, and also to help the company distinguish changes in accounting estimates from changes to accounting policy. These amendments have been applied starting 1 January 2023. The application of these amendments has not had any effect on the Bank's financial statements.	12/02/2021	01/01/2023
"Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". This document clarifies how to book deferred taxes arising from certain transactions that can generate assets and liabilities for equal amounts, such as lease transactions and dismantling obligations. These changes have been applied starting 1 January 2023. The application of these amendments has not had any effect on the Bank's financial statements.	07/05/2021	01/01/2023

As regards the specified Regulations, following the changes that came into effect on 1 January 2023, the Bank did not identify any effects of relevance regarding financial information as at 31 December 2023.

The table below contains the new international accounting principles, o changes to principles already in effect, the obligatory application of which will be effect starting 1 January 2024, or a subsequent date, that have not been adopted in advance.

Document title	Date of publication	Effective as of
On 23 January 2020, the IASB published and amendment titled "**Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current**" and on 31 October 2022 it published and amendment titled "**Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"**. These documents aim to clarify how to classify debts and other liabilities as short or long-term. These changes will be applicable starting 1 January 2024, but advance application is permitted. Company Administrators do not expect any significant effects in the consolidated financial statements of the Group, deriving from application of these amendments.	23/01/2020 31/10/2022	01/01/2024
"Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". This document requires a seller-lessee to measure lease liabilities arising from a sale & leaseback transaction so that it recognises no amount of the gain or loss related to the right of use that it retains. These changes will be applicable starting 1 January 2024, but advance application is permitted. Company Administrators do not expect any significant effects in the consolidated financial statements of the Group, deriving from application of these amendments.	22/09/2022	01/01/2024
Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules". This document introduces a temporary exception to obligations regarding the measurement of and information on deferred Tax receivables and liabilities related to the Pillar Two Model Rules, and provides for specific information obligations for entities affected by the relative International Tax Reform. The document provides for the immediate application of the temporary exception, while the information obligations will be applicable onto to yearly financial statements started as at 1 January 2023 (or subsequent thereto) but not to intra-annual financial statements with a closing date prior to 31 December 2023. As the Bank is not a first-time adopter, this exception is not applicable.	23/05/2023	01/01/2023 only for first time adopters
"Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". This document requires entities to provide additional information on reverse factoring agreements, to allow users of the financial statements to assess how financial agreements with suppliers can impact the liabilities and cash flows of the entity, and to understand the effect of such agreements on the entity's exposure to liquidity risk. The changes are applicable starting 1 January 2024, but anticipated application is permitted. The members of the Board do not expect any significant effects on the Bank's financial statements pursuant to application of this amendment.	25/05/2023	01/01/2024
On 30 January 2014, the IASB published the **IFRS 14 accounting principle – Regulatory Deferral Accounts** that allows only those adopting the IFRS for the first time to continue measuring amounts relative to rate-regulated activities ("Rate Regulation Activities") based on the previously adopted accounting principles. As the Bank is not a first-time adopter, this principle is not applicable.	30/01/2024	

he possible effects of the introduction of the aforementioned amendments is under review.

Section 2 – General principles for preparation

The financial statements are prepared in observance of the following general principles set forth in IAS 1:

- Going concern – The financial statements were prepared on a going concern assumption, regarding which there are no uncertainties;
- Accrual basis accounting – Revenues and expenses are booked, regardless of their monetary settlement, based on economic accrual and correlation criteria;
- Coherency in the presentation of the financial statements – The format and classification of the various items are kept the same from one financial year to the next, in order to guaranty the comparability of the information, save for changes required by an International Accounting Standard or an interpretation thereof, or even only so that another presentation or classification is deemed more appropriate in terms of relevance and reliability in the representation of the information;
- No compensation – Assets, liabilities, expenses and revenues are not compensated the ones with the others, unless required by an International Accounting Standard or by an interpretation or unless where expressly provided for by statement schedules for banks;
- Relevance and aggregation – Each relevant class of similar items is distinctly set out in the financial statements. Items that are dissimilar in terms of nature or destination are presented separately, unless they are irrelevant; The balance sheet and profit and loss account schedules are composed of line items (identified by Arabic numerals), by sub-line items (identified by letters) and by additional information details (the "of which" of line items and sub-line items). The line items, sub-line items and relative information details constitute the accounts of the financial statements. The schedules are conformant to those defined by Bank of Italy in Circular n. 262 of 22 December 2005 and subsequent updates. New line items may be added to the aforementioned schedules, if their content cannot be ascribed to any of the line items already provided for in the schedules, and only if the respective amounts are relevant. The sub-line items provided for by the schedules can be grouped together if one of the following two conditions exists:
  a) the amount of the sub-line items is irrelevant;
  b) grouping favours clarity of the financial statements; in this case, the explanatory notes will describe the sub-line items in the grouping, separately.
  Accounts that contain no amounts, neither for the fiscal year of the financial statements in question, nor for the previous year, are not shown in the balance sheet, profit and loss account, and schedule of overall profitability;
- *Prevalence of substance over form:* transactions and other events are measured and booked in conformity with their substance and economic reality, and not purely based on their legal form;
- *Comparative information*– Comparative information is provided for the previous reporting period for all data entries in the schedules to the financial statements, with the exception of cases where an International Accounting Standard or an interpretation thereof allows differently. Commentary information and descriptions are also provided, when they provide a better understanding of the respective data or schedule. Data relating to the previous fiscal year can be appropriately adapted, where necessary, to ensure comparability of information relative to the current fiscal year. Non-comparability, adaptation, or the impossibility thereof must be noted and commented in the Explanatory Notes;
- Periodicity of the information: the information must be prepared at least annually; if an entity changes the date of closure of its fiscal year, it must specify the reason for said change in date of closing of the fiscal year, and the fact that data are not comparable.

The Explanatory Notes are subdivided into parts. Each part of the Notes is broken down into sections, each of which illustrates a single aspect of operations management.

Statement of going concern

In compliance with the requirements of Consob, Bank of Italy, and Isvap joint Document n. 2 of 6 February 2009 regarding "Information to be provided in financial reports on going-concern, on financial risks, on controls to reduce the value of assets and on uncertainties in the use of estimations", as well as subsequent document n. 4 of 4 March 2010, has required the Board of Directors to conduct particularly accurate assessments are regards the existence of going concern. On this matter, paragraphs 25-26 of the IAS 1 accounting principle states that: "During preparation of the financial statements, company management must assess the capacity of the entity to continue to operate as a going concern. The financial statements must be prepared on a going concern basis, unless company management intends to liquidate the entity or interrupt operations, or has no realistic alternative thereto".

In this sense, the Board of Directors of the Bank has assessed the capacity of the Bank to continue operating as a going concern.

As written in another section of the Report, on 20 March 2023 Bank of Italy transmitted the notification titled "Gruppo Bancario Cambiano. Decision on share capital. Notification of initiation of the procedure" that defines the setting of

capital requirements applicable to the Group, resulting from the first prudential inspection process (Supervisory Review and Evaluation Process – SREP) in effect starting 30 June next.
The Bank is proceeding as defined in the foresight analysis formulated in updating the 2023-2025 plan, that showed that the Group already disposes of equity levels sufficient to satisfy the capital requirements required by the aforementioned notification, even in the event of adverse scenarios.
During the 2023 fiscal year, initiatives to strengthen equity were completed, thanks to:

- A capital increase, during the first semester of 2023, with the subscription of € 20 million of share capital, completed by June 2023;
- The issue of ad additional unredeemable debenture bond (AT1) of € 10 million in September 2023;
- The renewal of subordinate liabilities, authorised by Bank of Italy and completed with the issue of € 15 million in AT1 securities, in the second semester of 2023;
- Measures to improve the efficiency of RWA and the streamlining of the non-performing loan portfolio di (transfer transactions carried out in December 2023 for an overall gross value of approximately € 40.9 million);
- The positive contribution of the profit for the fiscal year that registers revenue for € 21 million, also thanks to the positive trend of interest income.

In formulating the necessary assessments, and taking into account the foreseeable effects of interest rate trends in the Bank's markets of reference, in addition to possible and significant repercussions deriving from the ongoing Russia-Ukraine conflict, while considering the risks and uncertainties associated to the macro-economic context, o on the basis of the information available at the date of preparation of these Financial Statements, the Board of Directors is reasonably certain that the Bank will continue operations in the foreseeable future, and has therefore prepared the financial statement on a going concern basis.

Section 3 – Events subsequent to the date of reference of the financial statements

Subsequent to the preparation of the financial statements closed on 31 December 2023, there were no particularly noteworthy events such as to require modifying any of the approved, adjusting any of the results or providing any additional information. For greater details on the events subsequent to 31 December 2023, please see the respective Section in the Board of Directors' report on management.

Section 4 – Other aspects

Appointment of the Independent Auditor
The Bank's financial statements were submitted to audit by the company Deloitte & Touche s.p.a..

Use of estimates and assumptions in the preparation of the financial statements for the fiscal year
Preparation of the financial statements is also based on estimations and assumptions that may have significant effects on the values registered in the income statement, as well as on the information regarding potential assets and liabilities recorded in the financial statements. Calculating these estimations implicates the use of the information available and the application of subjective evaluations also based on acquired experience, used for the purpose of formulating reasonable assumptions regarding the relevance of management events. By their very nature, the estimations and assumptions used may vary from one period to another; therefore, it is not inconceivable that in subsequent fiscal years the values registered in the financial statements may differ even significantly, following changes in the subjective evaluations applied. The main items for which the use of subjective evaluations on the part of the Bank is mostly required are:

- The quantification of losses due to loss in value of receivables and, in general, of other financial assets;
- The determination of the fair value of financial instruments to be used for the purpose of information on the financial statements;
- The use of evaluation models to determine the fair value of financial instruments not traded on an active market;
- The evaluation of the congruity of the value of goodwill and of other intangible assets;
- The quantification of personnel funds and risk and expense funds;
- Estimations and assumptions regarding the recoverability of deferred tax assets.

The description of the accounting policies applied on the main financial statement aggregates provides the details and information necessary to identify the main subjective assumptions and evaluations used to prepare the fiscal year financial statements.
Within the scope of its policies regarding the management of receivables from customers for loans, the Group has adopted processes and methods to monitor loan trends in accordance with the provisions of sector regulations and internal regulations that govern the rules for classification and transfer to the various risk categories. In the classification process, also for the purpose of the resulting assessment of in bonis receivables, the Group has taken into consideration the unique context of macro-economic uncertainty deriving from the instability generated by the Russia-Ukraine conflict and from inflation rate stress.

To classify credit exposures by homogenous risk classes, the Bank refers to sector regulations and internal regulations that govern the rules for classification and transfer, within the scope of the various risk categories.
To determine the recoverable value of impaired receivables from customers measured at amortised cost, the Bank, within the scope of its classification and assessment policies, has used assessment processes and methods characterised by elements of subjectivity and of estimation of certain variables, such as, mainly, forecasted cash flows, expected recovery times and the expected realizable value of guarantees, where present, the modification of which could entail a modification of the final recoverable value.
For further, detailed information regarding the composition and the various booking values of items involved in the aforementioned estimations, please refer to the specific sections of the Explanatory Notes.
As regards the quantification of losses due to credit impairment, during this fiscal year, the add-ons on "energy-intensive" businesses introduced in the 2022 financial statements were released, for 5.7 million euro, on positions in stage 2 belonging to the so-called "energy-intensive" ATECO codes[9], as the conditions for their recognition have ceased to exist, as better described in the respective Section of the report on management, to which the reader is referred.
In the meeting held on 28 December 2023, based on an analysis conducted by the Risk Management Function, the Board of Directors in fact resolved, as of the 2023 financial statements, to release the add-ons on "energy-intensive" businesses introduced in the 2022 financial statements fiscal year, that replaced the management overlays calculated in the 2020 and 2021 fiscal years on Covid and government-backed loans, in light of the following considerations:

- Albeit the conflict between Russia and the Ukraine is ongoing, the energy crisis that the war generated and that characterised the 2022 fiscal period can currently be considered as essentially ceased;
- Since the introduction of the add-ons, to date a congruous time has lapsed (almost 12 months), such as to have allowed ascertaining any financial difficulty and the consequent classifications and evaluations of positions;
- The analysis of dynamics relative to Stage 2 has not brought to light a significant deterioration, in the time bracket of reference, of exposures falling within the perimeter of application of the add-ons on "energy-intensive" businesses;
- The concentration of add-ons of significant amounts on individual loans, broadly granted, closely monitored and recently also reviewed by the Board of Directors, with no anomalies during the period that can be traced back to the energy crisis at the base of the criteria for application of the management overlays;
- The updating, regarding measurements as at 31/12/2023 of forward-looking components, that include the macro-economic scenarios based on the most recent forecasts published by Bank of Italy, with reference to which the simulated impact on the portfolio of receivables at 30/11/2023 quantifies an increase in impairment loss on Stage 1 equal to about € 1.30 million, and an increase in impairment loss on Stage 3 unlikely to pay positions equal to € 1.77 million;
- The substantial return to normal operating conditions of the parameters at the base of the IFRS9 model, that first during the Covid period (2020-2021 fiscal years) and then the energy crisis period (2022) were not capable of intercepting the significant rise of credit risk due to the mass recourse to moratoria and the difficulty in finding data inherent to the energy expense of customer companies.

Given the uncertainty of the current economic situation, characterised by the pressure of inflation and the increased interest rates recorded during the year, for the 2023 fiscal period the Board of Directors has nevertheless resolved to continue to maintain an approach alternative to the mechanical application of the models (so-called Overlay Approach) used to calculate the ECL, in line with the process used in 2022 for "energy-intensive" businesses, and in the previous two-year period of the Covid-19 pandemic, providing for the inclusion of specific add-ons on impairment losses in order to capture the expected effects of the increased interest rates on the Bank portfolio.
To this end, a perimeter of positions most affected by the current economic situation has been identified, and the relative criteria for calculation of management overlays has been defined, as detailed here following:

- Private individuals, joint-name companies and individual companies classified in Stage 1 who undersigned floating rate instalment loans before 2023 and that during the year have registered average payment delays equal to at least five days. For these positions, the calculation of the management overlay is based on the simulation of a "shift" in the risk class with application of an impairment loss equal to that which they would have had, if they had been classified in Stage 2;
- Private individuals, joint-name companies and individual companies classified in Stage 2 who undersigned floating rate instalment loans before 2023 and that during the year have registered average payment delays equal to at least one day. For these positions, the calculation of the management overlay is based on the

[9] The following ATECO codes are involved ATECO: B07 (Mining of metal ores); C13 (Manufacturing activities); C14 (Manufacture of wearing apparel, excluding fur articles); C16 (Cutting and planing of wood); C17 (Production of aper pulp, paper, and paperboard); C19 (Manufacture of coke oven products); C20 (Production of base chemical products, fertilizers and nitrogen compounds, plastic materials and synthetic rubber in primary forms); C23 (Production of glass and glass products); C24 (Metallurgy). Other sectors were added to these, in order to provide a more significant sample of positions: C32 (Creation of jewelry, costume jewelers and related items; gemstone work); H49 (Rail transport of passengers) and I55 (Hotels and similar structures).

simulation of a “shift" in the risk class with application of an impairment loss equal to that which they would have had, if they had been classified as impaired past-due (Stage 3);
- Loans backed by commercial real estate properties that, following the rise in interest rates, are less appealing on the real estate market and for which a loss in value is estimated in 2024. For these positions, the calculation of the management overlay is based on the application of the Loss Given Default dedicated to un-secured positions, in lieu of the one dedicated to positioned guaranteed by real estate property.

The calculation of management overlay on loans to companies backed by commercial real estate properties, in particular, is based on the sector reports issued by the European Central Bank, in which it is ascertained that commercial real estate transactions decreased by 47% during the first half of 2023 as compared to the same period of the previous year, that that the largest listed real estate property holders are exchange with a discount of over 30% as compared to the net equity value.

As regards the Bank’s credit portfolio as at 31/12/2023, the application of criteria for the calculation of the management overlays that have been identified has entailed an increase of impairment loss on Stage 1 equal to approximately € 550 thousand, and an increase in impairment loss on Stage 2 equal to approximately € 1.94 million, resulting in an overall add-on of € 2.49 million.

In particular, the calculation management overlays based on a simulated “shift” of the class risk for the identified private individuals, joint-name companies and individual companies resulted in an overall add-on between Stage 1 and Stage 2 equal to € 2.12 million, while the calculation of management overlays based on the application of the Loss Given Default dedicated to positions not secured by commercial real estate property resulted in an overall add-on between Stage 1 and 2 equal to € 366 thousand.

In addition to the impact on impairment losses of the application of the add-ons explained above, it is necessary to also consider the additional effects due to the updating of the macro-economic scenarios based on the most recent forecasts published by Bank of Italy (so-called Forward Looking components), with reference to the month of December 2023. These updates have resulted in a rise in impairment loss equal to € 1.30 million on Stage 1 and € 1.77 million on Stage 3, allocated on watchlist positions.

Extraordinary tax on the extra-profit of Banks

Article 26 of Law Decree n. 104 of 10 August 2023 – converted with modification to Law 136 of 9 October 2023- introduced an extraordinary tax for the 2023 fiscal year, commensurate to the increase in the interest income of banks. This tax is calculated by applying a 40% tax rate on the amount of interest income booked at line item 30 of the income statement, prepared according to the schedules approved by Bank of Italy for the 2023 fiscal year, that exceeds the same income for the 2021 fiscal year by at least 10%.

The amount of this extraordinary tax, in any event, cannot be greater than 0.26% of the overall amount of exposure to risk on an individual basis, with reference to the date of closing of the fiscal year preceding the fiscal year underway at 1° January 2023.

In this context, the Law has nevertheless introduced the faculty, in lieu of payment of the tax, to allocate, on approval of the 2023 financial statements, an amount no lower than 2.5 times the amount of the tax itself, to a non-distributable reserve, that meets the conditions provided for by (EU) Regulation n. 575/2013 (CRR) for inclusion in primary Tier 1 Capital (so-called CET1 capital). This implicates that, among other things, in line with the provisions of article 26 (1) CRR, the aforementioned reserve must be “available to the institution for unrestricted and immediate use to cover risks or losses as soon as these occur”. Furthermore, the Law specifies that, if said reserve is used in the future to distribute profit, the Bank must pay the amount due for the tax, increased by interest accrued at that date, within 30 days of approval of the respective resolution for use of the amount disbursed.

Based on the aforementioned provisions, the tax has been calculated as amounting to € 4,779,150, which, in the event of adoption of the faculty provided for by the Law, corresponds to a reserve of € 11,947,876.

during the meeting held on 9 November 2023, the Board of Directors confirmed the intention to make use of the faculty provided for by Art. 26 of Law n. 136/2023, and to submit a proposal to the Shareholders’ Meeting for the creation of the aforementioned non-distributable reserve, for € 11,947,876 in lieu of payment of the extraordinary tax.

A.2 – Part related to the principle line items of the financial statements

1. Financial assets measured at fair value with impact on profit and loss account (FVTPL)

Classification criteria

This line item includes all financial assets other than those classified in the portfolio of financial assets measured at fair value with impact on total profits and in the portfolio of financial assets measured at amortised cost. Specifically, this line item includes:

- financial assets held for trading, represented by debt securities, capital Securities, lending, shares of CIUs and the positive fair value of derivative contracts, purchased and held for sale in the short-term to generate revenue from trading. This category also includes capital instruments, not qualified as control, joint-control or connection which were not initially designated at fair value with impact on overall profitability;

- assets measured at fair value, such as debt Securities or lending, as defined at the moment of initial measurement, were the prerequisites required by IFRS 9 do not exist;
- other financial assets obligatorily measured at fair value, represented by debt securities, lending and shares of CIUs, that do not meet the requirements for measurement at amortised cost or at fair value with impact on total profits. These are, substantially, financial assets with contract terms that do not allow passing the so-called “SPPI test” or that are not held within the framework of a “Held to Collect” or “Held to Collect and Sell” business model.

The general rules regarding the reclassification of financial assets outlined by IFRS 9 do not allow reclassification of financial assets in other categories unless the entity modifies its business model for the management of financial assets. In such cases, not frequent however, the financial assets may be reclassified from the current category in one of the other two categories provided for by the principle (financial assets measured at amortised cost or financial assets measured at fair value with impact on total profits) and the carrying amount will be represented by the fair value at the moment of reclassification. The effects of the reclassification will be prospective starting from the date of reclassification In this case, the effective interest rate of the reclassified financial asset is determined based on its fair value at the date of reclassification and this date is considered the date of initial measurement for al location to the various credit risk stages for the purpose of impairment.

For more information regarding financial asset classification criteria, please consult the next section, “Financial asset classification criteria”.

Recognition criteria

Financial assets are initially recognised at the date of settlement for debt Securities, at the date of granting for lending and at the date of undersigning for derivative contracts. Financial assets measured at fair value with recognition of income effects through profit and loss are initially recognised at their fair value, which generally corresponds to the amount paid. Any costs/income for the transaction directly attributable to the instrument itself, incurred or collected in advance and that do not represent recovery of expenses (such as brokerage fees, placement, stamp duties, etc.) are instead recognised in the income statement.

Measurement criteria

Subsequent to initial recognition, financial assets measured at fair value with recognition of income effects through profit and loss are valued at fair value. The effects of the application of this measurement criteria are allocated to the Income Statement. The fair value of financial assets listed in active markets is determined with reference to market listings. In the absence of an active market, estimates and measurement models are used that take into account all the risk factors correlated to the instruments. For capital securities and derivative instruments based on capital securities, that are not listed on an active market, cost is used to estimate fair value only residually and limited to just a few circumstances.

Derecognition criteria

Financial assets are derecognised when the contract rights on cash flows deriving from the assets in question expire, or when the sale of the assets has substantially transferred all the related risks and benefits.

Criteria for recognition of income components

Criteria for recognition of income components

Profit and loss deriving from variations in fair value of financial assets held for trading are recognised for overall “imbalance” at line item 80 “Net trading result” in the income statement, including those relative to derivative instruments, while profit and loss deriving from variations in fair value of financial assets measured at fair value and financial assets obligatorily measured at fair value are recognised for overall “imbalance ” at line item 110, including the results of measurement at fair value of such assets.

2. Financial assets measured at fair value with impact on total profits (FVOCI)

Classification criteria

This line item includes all financial assets that meet two requirements: they are held based on a “Held to Collect and Sell” business model and the contract terms provide for cash flows represented solely by repayment of principal and interest, so the so-called “SPPI test” is passed. In order for a financial asset to be classified in this category or in the category of financial assets at amortised cost (see the next point), in addition to satisfying the business model requirement for which it was purchased, the contract terms of the asset itself must provide for cash flows represented solely by repayment of principal and interest on principal amount to be repaid at fixed dates (“Solely Payment of Principal and Interest” - SPPI). The SPPI test must be performed on recognition of the asset in the balance sheet while, subsequently to initial recognition and as long as the asset is booked in the balance sheet, it is no longer subject to new measurement for the purpose of the SPPI test. This line item also includes capital instruments not held for trading for which, on initial recognition, the option to recognize at fair value with impact on total profits was exercised.

For greater information regarding the classification criteria for financial instruments, please consult the next section, “Classification criteria of financial assets”.

Recognition criteria

Financial assets measured at fair value with impact on total profits are recognised in the balance sheet at fair value, which generally corresponds to the paid amount. Any trading costs/income directly attributable to the asset, incurred or received in advance and that do not represent recovery of expenses, are capitalized on the initial value.

Measurement criteria

Subsequent to initial recognition, assets classified at fair value with impact on total profits continue to be measured at fair value. For capital securities not listed on active markets and included in this category, the cost criterion is used to estimate the fair value only residually and limited to a small number of circumstances.

Derecognition criteria

Financial assets are derecognised when the contract rights on cash flows deriving from the assets in question expire, or when the sale of the assets has substantially transferred all the related risks and benefits.

Criteria for recognition of income components

As regards debt securities, gains/losses are recognised in shareholders' equity reserves until the financial asset is derecognised, save for the effects of impairment and any exchange rate effect, which are recognised in the income statement. On disposal, the cumulative gains or losses are recognised in the income statement under item 100 "Gains/losses from disposal or repurchase". Loss in value is booked at line item 130 of the income statement "Net adjustments/write-backs due to impairment". Increases in value due to the passage of time are booked in the income statement as earned interest. Capital instruments for which the option to classify in this category has been exercised, are recognised at fair value (or, residually, at cost if the fair value cannot be calculated) and the amounts booked as a contra-entry for shareholders' equity will not be transferred to the income statement, even if they are sold. As provided for by IFRS 9, the only component connected to these instruments that is recognised in the income statement is represented by the respective dividends.

3. Financial assets measured at amortised cost

Classification criteria

This category comprises financial assets that meet both the following requirements:

- the objective of the relative business model is the collection of contractual cash flows ("HTC" business model);
- the contractual terms of the financial asset provide solely for repayment of principal and payment of interest on the amount of principal to be repaid at fixed dates (so-called "SPPI test" passed).

More specifically, this line item includes:

- lending to banks that meets the above requirements;
- lending to customers that meets the above requirements;
- debt securities that meet the above requirements.

Based on the general rules set out in IFRS 9 regarding the reclassification of financial assets reclassification to other categories of financial assets is permitted only if the entity changes its business model for management of financial assets. In such cases, which are expected to be highly infrequent, financial assets may be reclassified from the category of financial assets measured at amortised cost to one of the other two categories provided for by IFRS 9, "Financial assets measured at fair value with impact on total profits" or "Financial assets measured at fair value with recognition of income effects through profit and loss". The carrying amount is represented by the fair value at the reclassification date and the effects of the reclassification shall be prospective starting from the reclassification date. Gains and losses resulting from the difference between the amortised cost of the financial asset and the respective fair value are recognised in the income statement in case of reclassification to "Financial assets measured at fair value with recognition of income effects through profit and loss" and in Shareholders' equity, in the specific revaluation reserve, in case of reclassification to "Financial assets measured at fair value with impact on total profits". For more information regarding financial asset classification criteria, please consult the next section, "Financial asset classification criteria".

Recognition criteria

Financial assets are initially recognised at the date of settlement as regards debt securities and at the date of disbursement as regarding loans. On initial recognition, assets are booked at fair value, comprehensive of transaction costs or income directly attributable to the instrument itself.

Measurement criteria

Subsequent to initial recognition, these assets are measured at amortised cost using the effective interest rate method. Thus, the asset is recognised in the balance sheet for an amount equal to the initial value of recognition less repayment of principal, plus or minus cumulative amortisation (calculated using the above-mentioned effective interest rate method) of any difference between the amount disbursed and the amount payable on maturity (typically comprising costs/revenues attributable directly to the asset) and adjusted based on any hedging for losses. The effective interest rate is determined by calculating the rate equal to the current value of future cash flows for the asset, both principal and interest, on the sum disbursed, comprehensive of costs/revenues attributable to the asset itself. This accounting method, based on financial logic, allows distributing the economic effect of costs/revenues directly attributable to a financial asset along its entire expected residual life. The amortised cost method is not used for short-term assets measured at historic cost where discounting is deemed to have a negligible effect, for those with a fixed payment date and for those that are repayable on demand. Measurement criteria are closely connected to the inclusion of the instruments in question in one of the three credit risk stages provided for by IFRS 9, the last of which (stage 3) comprises impaired financial assets, while the first two (stages 1 and 2) comprise performing financial assets. As regards the booking of the aforementioned measurement effects, the value adjustments related to this type of asset are booked to the income statement:

- on initial recognition, for an amount equal to the expected loss at twelve months;
- on the next valuation of the asset, where the credit risk has not increased significantly with respect to initial recognition, in relation to the amount of value adjustments for expected losses over the next twelve months;
- on the next valuation of the asset, where the credit risk has increased significantly with respect to initial recognition, in relation to the amount of value adjustments for expected losses over the asset's entire residual contractual life;
- on the next valuation of the asset, where the credit risk has increased significantly with respect to initial recognition, where the "significance" of the increase has subsequently ceased to exist, in relation to the correction of cumulative value adjustments to take into account passing from expected loss over the entire residual life-time of the instrument to expected losses over a period of twelve months. If the financial assets in question are performing assets, they are subject to valuation, aimed at defining the value adjustments to be recognised in the balance sheet, as individual receivables or securities, based on parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD) specifically provided for by the IFRS 9 accounting standard. If, in addition to a significant increase of the credit risk, there is also objective evidence of a loss of value, the amount of the write-down is measured as the difference between the book value of the asset, classified as "impaired", as for all other positions with the same counterparty, and the current value of expected future cash flows, discounted by the original effective interest rate. The amount of the write-down, to be recognised in the income statement, is defined based on an analytical measurement process or determined by category and, therefore, analytically attributed to each position and takes into account forward looking information and possible alternative recovery scenarios. Impaired receivables include financial instruments those that are considered non-performing, probably non-performing or overdue/past-due for more than ninety days, as per Bank of Italy regulations, in compliance with IAS/IFRS and European regulatory regulations. Expected cash flows take into account forecast recovery times and the estimated realizable value of any collateral. If the reasons for write-down are removed following an event occurring subsequent to recognition of the write-down, write-backs are entered in the income statement. Value recovery cannot exceed the amortised cost that the financial instrument would have had without the previous adjustments. Reversal of impairment loss due to Value recoveries connected to the passage of time are booked to the income statement. In some cases, during the life of the financial assets in question and, specifically, of receivables, the original contractual conditions are modified by the contract parties. If the contractual clauses are modified during the life-span of a financial instrument, it must be ascertained whether the original asset must continue to be recognised in the balance sheet or if, to the contrary, the original asset should be derecognised, with recognition of a new financial instrument. In general, changes to a financial asset lead to derecognition of the asset and recognition of a new asset when the changes in question are "substantial". The analyses (qualitative and quantitative) aimed at defining the "substantiality" of contract modifications made to a given financial asset must, therefore, take into account the reason for the changes in question, for example, renegotiation for commercial reasons and renegotiation for financial difficulty of the counterparty. The first type of renegotiation, aimed at "holding onto" the customer, involve a debtor who is not in financial difficulty. These situations include all renegotiations aimed at adjusting the burden of the debt to market conditions. These operations entail a variation of the original contract conditions, usually by requested by the debtor, regarding aspects related to the cost of the debt, with a consequent economic benefit for the same debtor. Generally speaking, it is our opinion that every time the bank renegotiates in order to avoid losing a customer, the renegotiation should be considered substantial in that, were it not carried out, the customer could seek financing from another broker and the bank would suffer a loss of expected future revenue. The second kind, carried out for "credit risk reasons" (forbearance measures), are the bank's attempt to maximize recovery of the cash flow of the original receivable- The underlying risks and benefits, subsequent to the changes, are generally not transferred and, consequently, the accounting representation that provides the most relevant information for balance sheet interpretation is through "modification accounting", that entails recognition in the income statement of the difference between booking value and current value of the modified cash flow discounted by the original interest rate and not through derecognition.

Derecognition criteria

Financial assets are derecognised only if the sale of the assets has substantially transferred all the related risks and benefits. Contrarily, if a significant number of risks and benefits related to sold financial assets is retained by the transferor, the assets in question will continue to be recognised on the balance sheet, even though the official title has been transferred. If ascertaining the substantial transfer of risks and benefits is not possible, the financial assets are derecognised from the financial statements if no control whatsoever is retained over the assets in question. Contrarily, retention, even in part, of control entails recognition of the assets in the balance sheet for the amount equal to the residual participation, measured by exposure to changes in value of the transferred assets and to the variations of asset cash flows.

Recognition of income components

As regards instruments measured at amortised cost (receivables from banks and receivables from customers), interest is calculated using the effective interest rate, that is, the rate that exactly discounts cash flows during the expected life of the instrument (IRR rate).

The IRR, and therefore the amortised cost, are determined taking into consideration any discounts or premiums on purchase, costs or fees that are an integral part of the amortised cost.

Interest on impaired receivables are calculated on the net exposure of the Expected Credit Losses.

Value adjustments or write-backs, deriving from the Expected Credit Losses model that has been adopted, are booked in the income statement at line item “Net adjustments/write-backs due to impairment”.

Any amounts deriving from adjustments made to book values for financial assets so as to reflect the modifications made to contract cash flows that do not result in booking derecognition, are booked in the income statement within the item “Profits/losses due to contract modifications without derecognition”.

4. Hedges

Banca di Cambiano 1884 s.p.a. avails itself of the faculty, provided for on introduction of the IFRS 9 accounting standard, to continue to fully apply the provisions of the IAS 39 accounting standard regarding hedge accounting for all types of hedging transactions.

Classification criteria

Risk hedging transactions are aimed at neutralizing potential losses, attributed to a given risk and measured on a given element or group of elements, where the particular risk in question should manifest itself. The following types of hedging transactions are used:

- fair value hedging aims to hedge exposure to changes in the fair value of assets and liabilities entered on the balance sheet, or quotas thereof, as permitted by IAS 39 and approved by the European Commission. General hedging of fair value (“macro hedge”) aims to reduce fluctuations, in the fair value, attributable to interest rate risks, of a monetary amount, deriving from a portfolio of financial assets or liabilities;
- cash flow hedging aims to hedge exposure to variations in future cash flow attributable to specific risks associated to balance sheet items;
- currency investment hedging refers to hedging foreign currency exposure of investments in foreign enterprises.

Recognition criteria

Hedge instruments, like all derivatives, are initially recognised and subsequently measured at fair value.

Measurement criteria

Hedge instruments are measured at fair value. For fair value hedges, fair value variations of the hedged element are offset by the fair value variations of the hedging instrument. This compensation is recognised by entry in the income statement of the variations in value, of both the hedged element and the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, is therefore the net economic effect. For generic fair value hedges (“macro hedge”), the fair value variations referred to the hedged exposure of the assets and liabilities being hedged are allocated to overall profitability, respectively to line item 60 “Adjustment of value of generic hedges for financial assets” or to line item 50 “Adjustment of value of generic hedges for financial liabilities”. As regards cash flow hedges, variations in the fair value of the derivative are allocated to shareholders’ equity, for the effective quota of the hedge, and are recognised in the income statement only when, with reference to the hedged item, there are cash flow variations to be offset of if the hedge is ineffective. Currency investment hedges are booked in the same way as cash flow hedges. The derivative instrument is designated as a hedge if the hedge relationship between the hedged instrument and the hedging instrument is formally documented and if it is effective from the time hedging initiates and, prospectively, for its entire duration. Hedge effectiveness depends on the extent to which variations of fair value of the hedged financial instruments of relative expected cash flows are offset by those of the hedging instrument. Therefore, effectiveness is determined by comparing the above variations, taking into the account the intent of the company when the hedge was initiated. A hedge is effective when the variations in fair value (or in the cash flows) of the hedge financial instrument almost entirely sterilize, that is within the range of 80-125%, the variations of risk of the hedged instrument. An effectiveness test is conducted at the close of financial statements. The measurement of effectiveness is performed at each balance sheet closing date. If a generic fair value generic hedge relationship is interrupted, cumulative value adjustments/write-downs entered at line item 60 “Adjustments of value of generic hedges for financial assets” or 50 “Adjustment of value of generic hedges for financial liabilities” are recognised in the income statement as earned interest or interest expenses for the residual duration of the original hedging relationship, provided that the hedging requirements continue to exist.

5. Equity investments

Classification criteria

Shareholdings that entail control, joint control or significant influence are allocated to the equity investments portfolio. Control is presumed when more than 50% of the voting rights that can be exercised at shareholders' meetings are held, either directly or indirectly. Significant influence is exercised when the shareholder holds, directly or indirectly, a share equal to or greater than 20% of the voting rights. Significant influence is also exercised in the case of a holding of less than 20% when the following circumstances exist: a) representation on the board of directors; b) participation in the decision-making process with reference to decisions regarding dividends; c) there are major operations between the investor and the subsidiary. Joint control is when voting rights and control of the subsidiary is shared with other parties.

Recognition criteria

This line item includes equity investments in subsidiaries, jointly held companies or companies subject to significant influence. At the time of initial recognition, such equity investments are recognised at purchase cost, supplemented by directly attributable costs.

Measurement criteria

Equity investments are measured with continuity using the "equity" method. Equity investments in subsidiaries, jointly held companies or companies subject to significant interest are measured at cost, and the accounting value increases or decreases to reflect the share of subsidiary profits or losses, realized after the purchase date, to which the shareholder is entitled. The dividends received from a subsidiary reduce the accounting value of the shareholding. Adjustments to the accounting value might be required due to modifications of the share owned by the investor in the subsidiary, deriving from modifications of the shareholders' equity of the subsidiary.

Derecognition criteria

Financial assets are derecognised when the contractual rights to the cash flows deriving from such assets expire or when the financial asset is sold, transferring all of the risks and benefits connected to it.

Criteria for recognition of income components

Dividends paid by the subsidiary and generated subsequent to the purchase date are allocated to line item 220 of the income statement, "Profit/loss from equity investments". The result of the measurement of "shareholders' equity" are recognised in line item 220 of the income statement, "Profit/loss from equity investments" when they were included in the income statement of the subsidiary; when, instead, they were not included in the income statement of the subsidiary, they are allocated to Liability line item 110 "Valuation reserves". Profit or loss deriving from the sale of equity investments are recognised in line item 220 of the income statement, "Profit/loss from equity investments".

6. Property, plants and equipment

Recognition criteria

Property, plants and equipment, both instrumental and not, are initially recognised at a value equal to the cost, comprehensive of all costs directly connected to the putting into use of the asset and non-recoverable purchase taxes and duties. The value is subsequently increased of costs incurred for which future benefits are expected. The costs of ordinary maintenance on the asset are recognised in the income statement of the year during which they are incurred.

Measurement criteria

After initial recognition, property, plant and equipment are recognised in the financial statements at cost net of accumulated depreciation and losses of value. Property, plants and equipment are systematically depreciated in every fiscal year based on their useful life, using the straight-line method. The following categories are not subject to depreciation:

- Land, be it purchased separately or incorporated in the value of buildings, in that considered assets with an indefinite useful life. If the value of the land is incorporated in the value of the buildings, it is considered an asset separable from the real properly; the value of the land is separated from the value of the buildings, determined on the basis of specific independent expert appraisals only for "from the earth to the sky" buildings";
- Art work, which has an indefinite useful life and a value that is generally destined to increase over time.

The depreciation process begins when the asset becomes available for use.

Property, plants and equipment purchased through financial leases

IFRS 16 is based on the concept of transfer of the right to use a leased asset; therefore, the contract is, or contains, a lease if, in exchange for compensation, it confer the right to control use of a specific asset for a given period of time. This concept broadens the scope of application of the standard that was adopted to book rental, hire, lease and other similar agreements. The standard cancels the accounting dualism between financial leases and operating leases for lessees, defining a single accounting model that requires recognising:

- A right of use in the assets of the balance sheet (Right of Use, RoU);
- A lease liability in the liabilities of the balance sheet (Lease Liability, LL);

- In the income statement, the amortisation of the right of use and the financial charges calculated on the lease liability.

At initial recognition, the lease liability is equal to the current value of payments due for the lease, discounted at the implicit rate of interest for the lease, where it can be calculated easily, or alternatively at the Bank's incremental borrowing rate. At initial recognition, the right of use is equal to the initial measurement of the lease liability, increased of the payments due for the lease settled at or prior to the date of coming into effect, net of lease incentives, initial direct costs incurred by the lessee and the estimated costs that the lessee will have to sustain to dismantle or remove the asset or restore it to the conditions provided for in the contract. The right of use and the lease liability must be booked in property, plants and equipment and the lease liability at amortised cost.

Derecognition criteria

Property plants and equipment are derecognised when sole or retired from use or when subsequent to sale it is not expected to generate future economic benefits.

Criteria for recognition of income components

Systematic depreciation is allocated to the income statement at the line item "Net adjustments/write-backs of value to property, plants and equipment". In the fiscal period in which the asset is recognised for the first time, the depreciation rate applied takes into account the date in which the asset is available for use. Gains and losses deriving from disposal of property, plant and equipment are calculated as the difference between the net sale price and the asset's carrying amount, and are recognised in the income statement at the same date as the write-off from accounts. The line item "Gains/losses on disposal of investments" is the balance, positive or negative, between gains and losses from the disposal of property, plant and equipment.

7. Intangible assets

Classification criteria

Intangible assets include non-monetary assets without physical substances held to be used for a multi-year or indefinite amount of time, which meet the following characteristics:

- identifiable;
- under the control of the company;
- Capable of generating probable future economic benefits for the company;
- The cost of the asset may be measured reliably.

Lacking one of the aforementioned characteristics, the cost to purchase or generate the same internally is registered as a cost in the fiscal year in which it was sustained. Intangible assets include, in particular, application software for multi-year use and other identifiable assets that arise from legal or contractual rights. Expenses for improvements to third party assets (branch offices being rented) were recognised in Asset line item 150 "Other assets"; the relative amortisation was proportional to the duration of the leases. Within the scope of a company merger, the IFRS3 principle establishes that at the date of purchase of the control, the purchaser must classify or designate the purchased intangible assets. As regards the definition of intangible elements, the principle identifies intangible elements purchased in company merger as identifiable non-monetary assets with no physical substance. Goodwill is represented by the positive difference between the purchase cost and the fair value of assets acquired and liabilities assumed within the scope of the company merger.

Recognition criteria

Intangible assets are recognised at cost, adjusted for accessory costs sustained to prepare for use of the asset. Within the scope of a company merger, the purchaser must classify or designate the intangible assets acquired, and recognize them at fair value. Goodwill, recognised in the assets at the date of purchase, is initially valued at cost. On a yearly basis, or any time there is evidence of impairment, an impairment test will be carried out on the adequacy of goodwill, in conformity with the provisions of IAS n. 36. The amount of the impairment loss is calculated as the negative difference, if any, between the goodwill value recorded and its recoverable amount. This recoverable amount is equal to the greater between the fair value of the cash-generating unit, net sale price of the asset, and its usage value. The resulting value adjustment are recognised in the income statement at item "Adjustments to value of goodwill". Any impairment loss recognised for goodwill cannot be derecognised in the subsequent fiscal year.

Measurement criteria

Subsequent to initial recognition, intangible assets of limited duration are recognised at cost, net of accumulated amortisation and of accumulated impairment loss. Amortisation begins when the asset becomes available for use, that is to say, when it is in the appropriate place and in suitable conditions to operate in the expected manner, and ceases when the asset derecognised. Amortisation is calculated using the straight-line method, so as to reflect the multi-year use of the asset based on the estimate made of the residual useful life. At the end of each fiscal year, if there is evidence of impairment, the recoverable value of the asset is estimated. The write-down, recognised in the income statement, is equal to the difference between the asset's carrying amount and its recoverable value.

Derecognition criteria
Intangible assets are derecognised from the balance sheet upon disposal or when no future economic benefits are expected.
Criteria for recognition of income components
Amortisation amounts and any adjustments/write-backs due to the impairment of intangible assets, other than goodwill, are allocated to line item “Net adjustments/write-backs of intangible assets” of the income statement. Value adjustment for goodwill are allocated to line item “Adjustments to value of goodwill”. Gains and losses deriving from disinvestment or disposal of intangible assets are calculated as the difference between the asset’s net sale price and carrying amount and are recognised in the income statement. The item “Gains (losses) from the disposal of investments includes the balance, positive or negative, between gains and losses from the disposal of investments.

8. Other assets

receivables deriving from the supply of non-financial goods and services, fiscal entries other than those allocated to the respective line item, and accrued income and prepayments other than those capitalized on the respective financial assets. The Bank has included among other assets tax receivables for tax bonuses purchased on disposal by the direct beneficiaries or previous purchasers, connected to the “Cura Italia” and “Rilancio” decrees (refer to the section “other information”).

9. Noncurrent assets or groups of assets/liabilities in the course of divestment

This item includes non-current assets destined to be sold. These assets are measured at the lesser value between the booking value and fair value, net of sale expenses. If they have been subject to amortisation, this process also ceases with the sale. As they are sold operating elements, balance sheet items and the relative economic results are shown separately in the balance sheet and in the income statement. As at the date of these financial statements, the Bank holds no assets that fall under this category.

10. Current and deferred taxes

This line item includes:
- Current tax receivables;
- Pre-paid tax receivables in offset to the income statement;
- Tax receivables in shareholders’ equity;
- Current tax liabilities;
- Deferred tax liabilities in the income statement;
- Deferred tax liabilities in shareholders’ equity.

Classification criteria
Current tax assets and liabilities.
Current taxes for the fiscal year and for previous fiscal years, to the extent to which they have not been paid, are recognised as liabilities; any amount paid in excess of the amount due is recognised as an asset.
Deferred tax assets and liabilities
Pre-paid tax assets, relative to momentary deductible differences or to future tax benefits resulting from the carry-forwards of tax losses, are booked in the balance sheet to the extent that there is a probability of recovery, measured on the basis of the capacity of the company involved or of the untaxed reserves, consolidating company, by effect of the option regarding the so-called “national fiscal consolidation”, to continue to generate taxable income in future fiscal years. Deferred tax liabilities are booked in the balance sheet, with the sole exception of the higher values of the asset represented by untaxed reserves, in that the available taxed reserves are such that it may reasonably be held that transactions that require their taxation will not take place. Pre-paid and deferred tax assets are recorded in the balance sheet, without offsets, respectively as “Tax receivables” and “Tax liabilities”.
Recognition and measurement criteria
Effects relative to current, pre-paid and deferred taxes are recognised by applying the current tax rates or, where known, the expected tax rates. Provisions for income taxes are calculated based on a prudential estimation of the current tax charge, the pre-paid charge and the deferred charge. Specifically, pre-paid and deferred taxes are calculated based on the momentary differences and without time limits between the value attributed to an asset or liability according to civil law criteria and the corresponding values taken for tax purposes.
Derecognition criteria
Tax assets and liabilities, both current and deferred, are appropriately reversed on settling the tax payments and/or when there are changes to existing tax legislation.
Criteria for recognition of income components
Income tax is recognised in the income statement, with the exception to taxes relative to items debited or credited directly to shareholders’ equity.

11. Risk and expense funds

Funds are defined as a liability with an uncertain maturity date or amount. Risk and expense funds are subdivided into:

- Risk and expense funds related to commitments and issued guarantees. This sub-item includes provisions for commitments to disburse funds and issued guarantees that fall within the perimeter of application of impairment regulations pursuant to IFRS 9. For these cases, le same allocations methods are adopted for the various credit risk stages and calculation of losses as already described in reference to financial assets measured at amortised cost;
- Funds for pensions and similar commitments. These funds are constituted pursuant to company agreements and are identified as "defined benefit assets". Liabilities relating to these plans are determined based on actuarial assumptions, applying the "projected unit credit" method. Actuarial gains and losses, deriving from variations in the current value of the commitment due to changes in the actuarial assumptions, are recognised in the schedule of overall profitability;
- Other risk and expense funds. Other risk and expense funds are represented by other provisions regarding legal obligations or obligations connected to work relationships or controversies, including tax claims. The provision is recognised in accounting if and only if there is a current obligation (legal or implicit) resulting from a past event and it is probable that in order to fulfil the obligation it will be necessary to use resources to produce economic benefits and a reliable estimation may be made of the amount deriving from fulfilment of the obligation. The amount registered as provision represents the best possible estimate of the resources required to settle the existing obligation as at the date of reference of the financial statements and reflects the risks and uncertainties that inevitably characterise a plurality of facts and circumstances. The amount of the provision is represented by the current value of the expenses that it is expected will be necessary to fulfil the obligation, where the effect of the current value is a significant aspect. The future facts that may influence the amount required to fulfil the obligation are taken into consideration only if there is sufficient objective evidence that said events will occur.

In the event of a merger, the IFRS3 standard, derogating from the IAS 37 standard, provides that, at the date of acquisition, the purchaser must recognise a potential liability assumed in a company aggregation, in the case of a current obligation deriving from past events, the fair value of which (equal value) can be reliably determined. Therefore, contrary to IAS 37, the purchaser recognises a potential liability assumed in a company aggregation at the date of purchase if it is improbable that, in order to meet said obligation, it will become necessary to use resources that would produce economic benefits.

12. Financial liabilities measured at amortised cost

Classification criteria

Payables to banks, payables to customers, outstanding securities and other financial liabilities include the various forms of interbank and customer funding, as well as liabilities for financial leases. In particular, the sub-item "Outstanding securities" include Securities issued (including subordinate loans, savings certificates, certificates of deposit), net of repurchases.

Recognition criteria

These financial liabilities are initially recognised on the date of receipt of the deposited sum or of the issue of the debt securities. The liabilities are initially recognised at their fair value, generally equal to the amount collected or to the issue price, increased by any additional costs or revenues directly attributable to the individual funding or issue transaction and not reimbursed by the creditor. In-house administrative costs are not included in the item. The fair value of financial liabilities issued at conditions inferior to market conditions, relative to listed Securities, is subject to a specific estimation and the difference with respect to the market value is booked directly in the income statement. As regards payables for leases, at the effective as of date for the lease agreement, the Bank measures the financial liability based on the current value of future payments due for the lease. They payments are discounted using the implicit lease interest rate.

Measurement criteria

After initial recognition, financial liabilities are valued at amortised cost using the effective interest rate method, with the exception of short-term liabilities, for which the time factor is negligible and which, therefore, continue to be entered at the collection value and for which any attributable costs are booked in the income statement linearly for the contract duration of the liability.

Derecognition criteria

Financial liabilities are derecognised from the balance sheet when they are expired or settled. Derecognition occurs also in case of repurchase of previously issued securities. The difference between the book value of the liability and the amount paid to purchase it is recorded in the income statement. The reissue on the market of own repurchased securities is considered a new issue, with recognition at the new issue price, without any effects in the income statement.

Criteria for recognition of income components

The negative income components represented by interest expenses are booked by accrual method, in the interest line items of the income statement. Any difference between the repurchase value for own issue securities and the corresponding book value for the liability is recognised in the income statement under the item Gains/losses from disposal or repurchase.

13. Financial liabilities from trading

Recognition criteria

These financial instruments are recognised on the date of undersigning or of issue, at a value equal to the fair value of the instrument, without considering any transaction costs or revenue directly attributable to the instruments themselves. This line item includes derivative contracts held for trading with a negative value.

Measurement criteria

All trading liabilities are measured at fair value and booked to the income statement.

Derecognition criteria

Financial liabilities held for trading are derecognised when the contract rights on the respective cash flows expire or when the financial liability is sold, with substantial transfer of all risks and benefits deriving from property of the liability in question.

14. Financial liabilities measured at fair value

Financial liabilities measured at fair value include liabilities for which the so-called fair value option applies. The Bank has no financial liabilities measured at fair value.

15. Transactions in foreign currency

Classification criteria

Transactions in foreign currency consist of all assets and liabilities denominated in currency other than the Euro.

Recognition criteria

Transactions in foreign currency are registered, at the time of initial recognition, in Euro, applying the exchange rate in effect as of the date of the operation to the amount in foreign currency.

Measurement criteria

As of the close of the fiscal year, the conversion of monetary assets and liabilities in foreign currency is done using the spot exchange rate on that date.

Criteria for recognition of income components

Exchange rate differences of operations in foreign currency are recognised in line item 80 of the income statement "Net trading result".

Other information

Treasury shares

Any treasury shares held in portfolio are recorded as a reduction to shareholders' equity. Similarly, the original cost of treasury shares and gains or losses deriving from the subsequent sale thereof are recorded as movement in shareholders' equity.

Accruals and deferrals

Accruals and deferrals, regarding charges and income competence of the fiscal year accrued on assets and liabilities are attributed to adjustment of the assets and liabilities to which they refer; if they cannot be thus allocated, they will be registered as "Other assets" or "Other liabilities".

Costs for lease improvements

Costs for restructuring of leasehold property are capitalised taking into consideration the fact that, for the duration of the lease, the user company controls the property and may gain future economic benefits from it. The aforementioned costs, booked among "Other assets", are amortised for a period no longer than the duration of the lease agreement.

Employee severance pay

Employee severance pay was recorded based on the actuarial value calculated yearly by an independent accountant. To calculate this value, the projected unit credit method is used, which projects future expenses based on historical, statistical and probabilistic analysis, in addition to applying appropriate demographic techniques, and the rate used is the market interest rate. Contributions paid in each fiscal year are considered separate units and measured individually for the purpose of determining the final amount due. Following entry into force of the supplementary social security/pension scheme plan reform, as per Italian Legislative Decree n.252 of 5 December 2005, the severance pay quotas accrued as at 31 December 2006 remain in the company accounts, while quotas accrued subsequently are either destined to supplementary social security plans or to the INPS Treasury Fund, based on the personal choice of each employee. Starting from the 2012 fiscal year, variations to actuarial components relating to severance pay are booked with an impact on net equity and are therefore shown in the schedule of overall profitability.

Issue of Additional Tier 1

As indicated in the section regarding "capital adequacy and regulatory ratios" of the report on management, the amount of issued AT1 instruments increased by 10,000,000.00, increasing from 30,000,000.00 at 31/12/2022 to 40,000,000.00 at 31/12/2023. The Bank issued Additional Tier 1 instruments in the month of October 2023 for 10,000,000.00. These are, specifically, subordinate instruments classified in Additional Tier 1 capital, in accordance with Regulation n. 575 of 2013 (CRR). The securities are permanent and may be called in by the issuer, subordinate to authorisation by the competent Authority, at any reimbursement date starting from the 5th year from the date of issue. The initial interest rate is different for the various issues and will be used to calculate the coupons paid in the first 5 years from the date of issue. When this term has passed, the interest rate will be recalculated based on the euro mid-swap rate at 5 years at the date of the recalculation, increased as per the regulations for each individual loan. This interest rate will be used for the payment dates that fall within the next 5 years The interest rate will be recalculated every 5 years as described above. In accordance with the provisions of the CRR for AT1 instruments, the issuer has full discretional capacity in not paying out the coupons, for any reason and for un unlimited amount of time; derecognition is instead obligatory in the event of specific circumstances, including the occurrence of a trigger event, as illustrated in the paragraph that follows. Please note that interest is not cumulative: any amount that the issuer decides not to pay (or would be obliged not to pay) will not be accumulated or payable at a later date. Additionally, regulations regarding these types of loans provide that at the occurrence of a trigger event, or should the Common Equity Tier 1 (CET1) of Banca Cambiano 1884 (or the consolidated CET1) be lower than the 5.125% threshold, a derecognition of the principal ("Depreciation") would – irrevocably and obligatorily – ensue, for the amount required to bring the CET1 (of the Bank or of the Group) back to 5.125%. Under specific conditions, and at the complete discretion of the issuer, the principal previously derecognised could be reinstated ("Revaluation"). On this matter, please note that the voluntary nature of reinstatement of previously depreciated principal would also exist in the event of early reimbursement on part of the issuer. For accounting purposes, the issue in question was considered a "capital instrument", pursuant to the provisions of the IAS 32 accounting standard. In the financial statements at 31 December 2021, the amount collected on issue is booked, for the entire amount, under the shareholders' equity line item "130. Capital instruments" in that there were no transaction costs directly attributable to the loan to be deducted, net of taxation, from the amount of the loan booked in the balance sheet under the aforementioned line item 130. Consistently with the nature of the instrument, the coupons are recognised in reduction of shareholders' equity (shareholders' equity line item "140. Reserves"), if and to the extent that they are paid. The amount of the coupons paid out on this type of security during 2023 was 1,497,500.00 euro. The overall impact on shareholders' equity at 31 December 2023 (140. Reserves) was 3,542,500.00 euro.

Income statement

Revenues are measured at fair value of the amount received or due and are recognised when future benefits are likely to be received and such benefits may be reliably measured. Expenses are recognised when incurred. Expenses that cannot be associated with revenue are immediately recognised in the income statement. Specifically:

- Revenues and expenses directly related to financial instruments measured at amortised cost and determinable from the start, regardless of when they are settled, flow to the income statement by applying the effective interest rate;
- Dividends are recognised in the income statement when they are received;
- Revenues deriving from dealing in trading instruments, representing the difference between the transaction price and the fair value of the instrument, are recognised in the income statement when the transaction is recorded if fair value can be determined with reference to parameters or recent transactions observed on the same market on which the instrument is traded;
- Other fees are recognised on an accrual basis.

Expenses directly related to financial instruments measured at amortised cost and determinable from the start, regardless of when they are settled, flow to the income statement by applying the effective interest rate, for which definition please refer to the paragraph "Loans and Financing". Impairment losses are immediately recognised in the income statement. Default interest, where provided for by contract, is entered in the income statement only when paid. Losses in value are recognised in the income statement immediately.

Classification criteria for financial assets

Classification of financial assets in the three categories provided for by the accounting standard depends on two classification criteria: the business model based on which the financial instruments are managed and the contractual characteristics of the cash flows deriving from the financial assets in question (or SPPI Test). The classification of a financial asset is the result of the combination of the two aforementioned criteria, as illustrated here following:

- Financial assets measured at amortised cost: assets that pass the SPPI test and are managed based on an HTC business model;

- Financial assets measured at fair value with impact on total profits (FVOCI): assets that pass the SPPI test and are managed based on an HTCS business model;
- Financial assets measured at fair value with recognition of income effects through profit and loss (FVTPL): this is a residual category, that includes financial instruments that cannot be classified in the above categories based on the outcome of the business model test or of the test on contractual cash flow characteristics (SPPI test failed). In order to be able to classify a financial asset at amortised cost or at FVOCI, in addition to the business model analysis, the contractual terms of the asset in question must provide for payment of principal and interest only, at fixed dates, ("solely payment of principal and interest" - SPPI). This analysis must especially be carried out for loans and debt securities. The SPPI test must be carried out on each and every financial instrument, at the moment of registration in the balance sheet. Subsequent to initial recognition, and for as long as the asset is recorded in the balance sheet, it will no longer be subject to further analysis for the purpose of the SPPI test. If a financial instrument is derecognised and a new financial instrument is recognised, the SPPI test must be carried out on the new asset. For the purpose of application of the SPPI test, the IFRS 9 accounting standards provides the following definitions:
- Principal: is the fair value of the financial asset at initial recognition. This value may change during the life of the financial instrument, for example, due to reimbursement of part of the principal;
- Interest: is the consideration for the time value of money and for the credit risk associated to the existing principal in a given period of time. This may also include remuneration for other basic risks and expenses associated to the asset and with a profit margin. In terms of evaluating whether contractual flows from a financial asset may be defined as SPPI, IFRS 9 refers to the general concept of "basic lending arrangement", that is separate from the legal form of the asset. When the clauses of the arrangement introduce exposure to risks or volatility of contractual cash flows that are outside the definition of basic lending arrangement, such as, for example, exposure to variations in prices of shares or goods, the contractual cash flows in review do not meet the definition of SPPI. The application of the classification criterion based on contractual cash flows sometimes requires a subjective judgment and, therefore, the definition of internal policies for application of the criteria. If the time value of money is modified – for example, when the interest rate for the financial asset is periodically recalculated, but the frequency of the recalculation or the frequency of payment of the coupons does not reflect the nature of the interest rate (for example, the interest rate is reviewed on a monthly basis based on an annual rate) or when the interest rate is recalculated periodically based on an average of specific short or long-to-medium term rates, the company must evaluated, both quantitatively and qualitatively, if the contractual cash flows still fulfil the requirements of SPPI (benchmark cash flows test). If the outcome of this test shows that the cash flows (not discounted) are "significantly different" from the cash flows (also not discounted) of a benchmark instrument (that is without modification of the time value), the cash flows in question cannot be considered as compliant to SPPI criteria. For the purpose of the SPPI test, as regards debt securities operations, Banca Cambiano 1884 s.p.a. uses external info-provider services. This choice means that, on one hand, front office securities traders can obtain an immediate outcome for execution of the test, which also entails less paperwork during purchasing, and on the other hand it means that the same market benchmarks are shared by multiple traders and auditing companies. Vice versa, as regards the execution of the SPPI test for loan arrangements, a proprietary tool has been developed, based on a methodology developed internally by decision tree.

Business model

As regards the business model, IFRS 9 identifies three types of business model based on the method used to manage cash flows and sales of financial instruments:

- Hold to Collect (HTC): This is a business model whose objective is to hold assets in the related asset portfolios in order collect contractual cash flows. Including an asset portfolio in this business model does not necessarily mean it is impossible to sell the instruments, although it is necessary to take into consideration the frequency, entity of value, reasons for the sale and expectations regarding future sales;
- Hold to Collect and Sell (HTCS): this is a mixed business model, whose objective is to both collect the contractual cash flows and sell the financial asset, where the sale of the asset in an integral part of the strategy. Both activities (collection of cash flows and sale of the asset are indispensable for the purpose of reaching the objective of the business model. Therefore, sales are more frequent and volumes more significant with respect to the HTC business model HTC and are an integral part of the business strategies;
- Others/Trading: this is a residual category that includes both financial assets held for trading and financial assets managed through a business model that does not meet the qualifying criteria for the aforementioned models (HTC and HTCS). Generally speaking, this classification applies to financial asset portfolios that are managed and performance evaluated on a fair value basis. The business model reflects the way in which the financial assets are managed to generate cash flows for the entity and is defined by the bank's corporate bodies with the appropriate input from business functions. Fundamentally, the business model:

- o reflects the way in which financial assets are managed to generate cash flows;
- o is defined by the bank's corporate bodies, with appropriate input from the business functions;
- o must be observable, considering the methods for management of financial assets. In operational terms, the evaluation and composition of the business model is made consistently with the corporate organisation mode, the specialization of the business functions, the expected risk model and the assignment of delegated powers.

To evaluate a business model, all the relevant factors available at the date of the evaluation are used. The factors mentioned above include strategy, risks and how they are managed, reporting and the volume of sales. It is important that the elements taken under review to analyse the business model are coherent across the board and, specifically, are consistent with the strategy being pursued. Evidence of operations that are not in line with the strategy must be analysed and adequately justified. For the HTC portfolio, Banca di Cambiano 1884 s.p.a. has set limits for admissibility of sales that do not compromise the classification (frequent but not significant, individually and as aggregates, or infrequent if significant in volume) and, simultaneously, has established the parameters used to identify sales that are coherent with this business model in so far as resulting from an increased credit risk. More in detail, the HTC business model allows sales:

- in case of increased credit risk, which can be calculated for securities, if there is a downgrade of predetermined notches with respect to the original rating;
- when they are frequent but not significant in terms of value or occasional even if significant in terms of value. Limits for frequency and significance have been set for the purpose of evaluating these aspects. As regards the determination of "Risks" on HTCS and Other/Trading business models, in line of principle the bank applies the provisions of the internal Finance Regulations and the RAF for market risk controls.

Method of calculation of amortised cost

The amortised cost of a financial asset or liability is the value measured for initial recognition, net of principal repayments, plus or minus overall amortisation, determined by applying the effective interest method, the difference between the initial value and the value at maturity and net of any impairment losses. The effective interest rate is the rate that equalizes the current value of the financial asset or liability to the contractual cash flow of future payments or payments received up to the date of maturity or up to the next repricing date. For instruments with a fixed rate or a rate that is fixed for specific time periods, future cash flows are determined based on the known interest rate during the life of the instrument. For financial assets and liabilities with a floating interest rate, the future cash flows are determined based on the last known rate. At each repricing date, the amortisation schedule and the effective rate of return over the entire useful life of the financial instrument, that is up to maturity, are recalculated. Amortised cost is applied is applied to receivables, financial assets held to maturity, those available for sale, liabilities and outstanding securities. Financial assets and liabilities traded at market conditions are initially recognised at fair value, which usually corresponds to the amount paid or disbursed, comprehensive of transactions costs and commissions directly attributable to the asset or liability. Transactions costs include internal marginal costs and revenues attributed at the moment of initial recognition of the instrument and recoverable from customers. These accessory components, which must be attributed to an individual asset or liability, impact the effective performance and modify the effective interest rate with respect to the contractual interest rate. Therefore, costs and revenues that refer indistinctly to more than one transaction, and the correlated components that may be subject to recognition during the life of the financial instrument, are excluded. Furthermore, the calculation of amortised cost does not take into consideration any costs the Bank would sustain regardless of the transaction, such as administrative costs, expenses for office supplies, etc.

Method for calculation of impairment – Value losses of non-performing financial assets

To calculate the recoverable value of impaired receivables from customers measured at amortised cost , the Bank, within the scope of its classification and measurement policies, has applied measurement processes and methods characterised by elements of subjectivity and estimation for certain variables, such as, principally, expected cashflows, expected recovery times, and the assumed realisable value of guarantees, where present, the modification of which could entail a variation in the final recoverable value; this calculation is based on the use of information available at the date of measurement, and is also affected by the uncertainty associated to the current macro-economic context, characterised by the instability generated by the conflict between Russia and the Ukraine, and by inflationary pressures. At each balance sheet date, in compliance with IFRS 9, financial assets that are not measured at fair value with recognition of income effects through profit and loss must be subjected to a test to verify if there is evidence that the recognition value of the assets in question may be considered not fully recoverable. A similar evaluation is also carried out for commitments to disburse funds and for issued guarantees meet IFRS 9 impairment requirements. In case the aforementioned evidence exists (so-called evidence of impairment) the financial assets in question are considered impaired and classified in stage 3. For this kind of exposure, represented by financial assets classified, in compliance with Bank of Italy Circular n. 262/2005, in the categories of non-performing loans, probable defaults and exposures overdue/past-due for more than ninety days, value adjustments must be recognised in an amount equal to expected losses over the entire residual life of the asset. Positions classified in Stage 3 are classified for various risk conditions and are consequently subject to analytical or lump-sum evaluations. Value adjustments for loans in Stage 3 reflect the expected loss calculated for a period of time equal to the entire residual life of the loan. Impaired assets that are not non performing for an amount lower than a set threshold, for which there is no objective evidence of impairment, were subjected to lump-sum evaluation, that involves a statistical calculation of expected loss and of the relative write-downs for receivables belonging to the same category (defined based on the segment of the counterparty and the technical format). However, the analytical write-down must be made whenever objective degradation events are observed, calling for a precise analysis. Specifically, as regards the concept of significance referred to in the current accounting standards, impairment was applied, using the lump-sum method, to impaired receivables past due and probable defaults for individual amounts lower than the threshold of significance set at € 300,000. The evaluation of receivables classified as non-performing is updated periodically, in order to allow for immediate transposition of any events that could modify recovery forecasts for receivables. Evaluation of non-performing loans is carried out using an analytical method, that is, based on a precise survey of the recoverability of each loan, taking into account all useful elements for the definition of expectation of recovery, including but by no means limited to:

- The nature of the receivable;
- The presence of collateral and/or personal guarantees, with respect to the valuation of which please refer to the specific sections that follow;
- The total estate assets of the obligors/any co-obligors;
- The income situation of the obligors/any co-obligors;
- The presence of settlement or restructuring agreements;
- The status of any legal proceedings underway (enforcement procedures);
- Exposure of the obligors towards the banking system, overdraft status, notification to non-performing loans;
- Exposure of the obligors towards other creditors;
- Results of the last available balance sheets;
- The legal status of the obligors and pending winding-up and/or personal procedures.

In calculating value loss, the Bank takes into account the following factors:

- existence/type of guarantee: loans secured by mortgage, loans secured by pledged collateral, loans covered by personal guarantees, unsecured credit;
- asset used collateral: residential real estate property, non-residential real estate property, pledges of cash, Securities, GPM, receivables or merchandise;
- available evaluation (CTU, assessment report issued by an independent expert, date of the assessment report);
- nature of the guarantor (banks or other subjects);
- status of recovery (procedures not yet initiated, extra-judicial agreements, insolvency procedures);
- value groupings for unsecured credit.

The evaluation of receivables classified as probable non-performing is updated periodically is updated periodically, in order to allow for immediate transposition of any events that could modify recovery forecasts, and ascertain that the loans in question still do not meet requirements to be passed to the non-performing category.
For this category, write-downs are applied:

- for positions above € 300,000 analytically;
- for positions lower than or equal to € 300,000, for which there is no objective evidence of impairment, using the lump-sum method for similar types of portfolios.

Probable defaults that show a gross exposure greater than € 300,000, are measured analytically. The measurement is aimed at calculating expected value losses, taking into account however that the positions are classified in this risk class based the Bank's opinion regarding the improbability that the debtor will fully meet all credit obligations, without recourse to measures such as enforcement of guarantees; as known, this evaluation must be carried out regardless of the presence of any overdue or not overdue amounts (or instalments). Therefore, for positions classified among probable non-performing, the presumed disposal value of the receivable is estimated by evaluating the capacity of the borrower to meet all the obligations, measured based on all available information regarding the debtor's financial and economic situation, and the value of any existing collateral underlying the receivable/s in question. The salvage value is determined, based on the foreseen recovery strategy (distinguishing between management for "business continuity" and management "for sale") that reflects the overall degree of risk, by evaluating the capacity to generate cash flows sufficient to repay the credit and/or on the mere enforcement of collateral and guarantees. The receivable is measured by examining the appropriate documentation that includes, by way of example but is not limited to, and as applicable to the type of customer:

- the trend of the relationship;
- the current and perspective economic and financial situation of the counterparty, by analysing the last available balance sheets and outlooks where the counterparty is a legal entity;
- debt exposure towards third parties and the banking system (by analysing CR, CRIF notifications);

- any notifications of non-performance by the banking system/other creditors or ongoing debt restructuring plans;
- Any documentation prepared by third party professional operators or experts attesting in various ways to, also per law, the reversibility of the customer's crisis condition, the appropriateness of the measures taken to overcome the crisis, and the measurement criteria applied;
- The willingness of the debtor to come to an agreement regarding recovery of overdue/past due amounts or to renegotiate the loan;
- The length of time the loan has been classified as probable non-performing. The forecasts for loss of value, formulated for each exposure, are based on an in-depth and thorough examination of all the elements for assessment that may be extracted from the available and retrievable documentation.

For positions lower than or equal to the € 300,000 threshold amount, for which there is no objective evidence of impairment, lump-sum statistical write-down is applied for homogenous types of exposure. The lump-sum evaluation involves the statistical calculation of the expected loss and therefore of the relative value adjustments. Specifically, lump-sum write-downs must be calculated using the following formula, seeing as the PD (probability of default) is considered equal to 100% for Probable defaults as well:

$$Impairment = DR * LDG * EAD$$

- where:
- DR = impairment rate at 30 years of probable defaults, divided by credit exposure segment (corporate/retail);
- LGD (Loss Given Default) = LGD of non-performing loans;
- EAD = amount of loans classified as probable non-performing at the date of reference, divided, like non-performing loans, by type of underlying guarantee (collateral/other), by segment (corporate/retail) and by amount bracket (0-20,000, 20,000-50,000, over 50,000).

Loans classified as overdue/past-due, for which non-objective evidence of impairment has been found, are measured using the lump-sum method, for homogenous types of exposure. The lump-sum evaluation involves the statistical calculation of the expected loss and therefore of the relative value adjustments Specifically, lump-sum write-downs must be calculated using the following formula, seeing as the PD (probability of default) is considered equal to 100% for overdue/past-due loans as well:

$$Impairment = DR * LDG * EAD$$

- where:
- DR = impairment rate at 30 years of probable defaults, divided by credit exposure segment (corporate/retail);
- LGD (Loss Given Default) = LGD of non-performing loans;
- EAD = amount of loans classified as probable non-performing at the date of reference, divided, like non-performing loans and Probable defaults, by type of underlying guarantee (collateral/other), by segment (corporate/retail) and by amount bracket (0-20,000, 20,000-50,000, over 50,000).

Method for calculation of impairment - Value losses of performing financial assets

Within the scope of its policies relating to the management of receivables from customers for loans, the Bank has adopted processes and methods for monitoring the performance of loans that include, among others, a detailed classification of credit positions in homogenous risk categories, in accordance with the provisions of sector regulations and internal provisions governing the regulations for classification and transfer to the various risk categories.

As regards financial assets for which there is no objective evidence of impairment (in bonis financial instruments), it is necessary to verify if there are indicators that show that the credit risk for each transaction is significantly increased with respect to the initial recognition. The consequences of this assessment, in terms of classification (or, more appropriately, of the staging) and of the measurement, are the following: - if such indicators are found, the financial asset belongs in stage 2. The measurement, in this case, in compliance with international accounting standards and even in absence of a manifest impairment, entails recognition of write-downs equal to expected losses over the entire residual life of the financial instrument. These adjustments are subject to review at each subsequent reporting date, to both periodically verify congruity with the constantly updated loss estimations, and to take into account – in case the indicators of "significantly increased" credit risk – the changed outlook for calculation of expected losses; - if such indicators are not found, the financial asset belongs in stage 1. In this case, the measurement, in compliance with International accounting standards and even in absence of a manifest impairment, entails recognition of expected losses, for the specific financial instrument, over the next twelve months. These adjustments are subject to review at each subsequent reporting date, to both periodically verify congruity with the constantly updated loss estimations, and to take into account – in case the indicators of "significantly increased" credit risk – the changed outlook for calculation of expected losses. As regards the measurement of financial assets and, specifically, the identification of "significant increase" of credit risk (a condition necessary and sufficient for classification of the asset in stage 2), the elements that are considered critical and primary to be taken into consideration, in compliance with the accounting standard and its implementation by Banca Cambiano 1884 s.p.a, are the following:

- The variation of the probability of default used for internal management purposes. This is, therefore, an evaluation that is made by adopting a criterion of "relativity". This criterion was revised in July 2022, during the inspection and, in conformity with the Bank's current internal rating system, classifies in Stage 2:
  - performing exposures with a risk of insolvency at the date of origin equal to 1, 2, 3 or 4, for which a final classification of at least 10 has been recorded;
  - performing exposures with a risk of insolvency at the date of origin equal to 5 or 6 that have "jumped" 6 classes in the internal PD management system;
  - performing exposures with a risk of insolvency at the date of origin equal to 7, 8, 9 or 10 that have "jumped" 5 classes in the internal PD management system;
  - performing exposures with a risk of insolvency at the date of origin equal to 11 that have "jumped" 4 classes in the internal PD management system;
- The presence, if any, of an overdue payment that – without prejudice to the thresholds for significance provided for in current regulations – is past due by at least 30 days. In such a case, in other words, the credit risk of the exposure is considered allegedly "significantly increased" and, therefore, it is "passed" to stage 2 (if the exposure was previously in stage 1);
- The presence, if any, of forbearance measures, which – again, presumable – entail classification of the exposures among those for which credit risk is "significantly increased" with respect to initial recognition;
- Finally, for the purpose of transfer from one stage to another, some specific indicators of the credit monitoring are taken into consideration. This refers specifically to so-called "watchlist" positions, that is, positions that are kept under observation due to evidence of individual criticality.

Once the classification of the exposures in the various credit risk stages has been defined, the expected loss, which represent an estimate of losses on receivables weighted by the respective probability of occurrence, is calculated for a 12 month period for receivables classified in Stage 1, or for the entire expected residual life of the financial instrument for receivables classified in Stage 2. Then, a similar measurement model is adopted for all receivables classified in Stage 1 and in Stage 2, the only distinguishing feature of which is the time frame for estimation of expected loss. The measurement model takes into account the following risk factors:

- PD (Probability of Default) – probability of insolvency, a parameter that represents the probability that a counterparty will migrate from a "bonis" condition to an "insolvency" condition within the time frame of one year (Stage 1) or during the entire expected life of the financial instrument (Stage 2). The probability of insolvency is calculated based on parameters decided internally by Banca Cambiano and subsequently by including adequate corrective elements that allow taking into account the effects of so-called forward looking information relative to the macro-economic reference scenarios;
- LGD (Loss Given Default) – impairment rate in case of insolvency, a parameter that expresses the impact of the loss, as a percent, net of recovery amounts, with respect to the amount of the exposure that has become insolvent, measured based on specific internal models of Banca Cambiano (contained in annex A4). This parameter also includes expected recovery costs;
- EAD (Exposure at Default) - EAD is managed based on the type of exposure and maturity: exposures with a "deterministic" repayment schedule with a known cash flow and a known maturity, and "stochastic" exposures, with an unknown cash flow and/or an unknown maturity. For exposures with a deterministic repayment schedule, EAD is calculated using the repayment schedule based on the evolution of the contractual cash flows. For exposures with an unknown repayment schedule (for example, without instalments, like bank accounts) the EAD is calculated based on appropriate models that take into account both the so-called "on balance" value and of the exposure and the "off balance" component considered as potentially risky due to the possibility that the customer increases use of credit. These exposures are valued for a 12 month period, consistently with the review period provided for by the Bank for these types of contracts.

The calculation of expected losses takes into account all reasonable and demonstrable information available at the reference date of the balance sheet without excessive costs or effort. The information used must take into consideration past events, current economic conditions and forecasts for future economic conditions.
Banca Cambiano has defined the formula to calculate ECL (1), as follows:

$$ECL(t_0) = \sum_{i=1}^{n} D(t_0, t_i) \times EAD(t_i) \times MPD(t_i) \times LGD(t_i)$$

where:
n = maturity of the relationship
$ECL(t_0)$ = value adjustment calculated at the reporting date
MPD(t_i) = marginal probability of default in t_i
$LGD(t_i)$ = LGD value at the t-th future instant
$EAD(t_i)$ = EAD at the t-th future instant
$D(t_0, t_i)$ = discounting factor t_0e t_i

n = residual life for the relationship (maturity minus reporting date)
As regards financial assets classified in Stage 1, the calculation formula is applied only to a timeline of maximum 1 year, or less if the duration of the financial instrument is less than 12 months. The t_i instants indicated in the formula are consistent with the frequency estimated by the output of the multi-period EAD calculation or wit the annual frequency, in case of repayment schedules with a single repayment at maturity (so-called bullet). As regards financial assets classified in Stage 2, the calculation formula is applied to a timeline equivalent to the residual duration of the instrument (life-time). The t_i instants are always consistent with the frequency estimated by the output of the multi-period EAD calculation, or with the annual frequency for bullet repayment schedules.
At each reporting date and for each contract relationship, both the 1 year ECL and the Lifetime ECL are calculated, using the multi-period PD, LGD and EAD parameters described above in the application of the formula, and considering all the payment deadlines up to:

- Timeline of 1 year from the reporting date for calculation of 1 year ECL 1 (if duration is less than 12 months, the residual contract duration will be used);
- Expiry/maturity date of the individual contract relationship for calculation of Lifetime ECL (if duration is less than 12 months, the residual contract duration will be used).

Accounting treatment of tax credits connected to the “Cura Italia” and “Rilancio” Law Decrees, purchased on disposal by the direct beneficiaries or by previous purchasers. Approach used for the accounting treatment of purchased tax credits (tax bonuses).
Italian Law Decrees n. 18/2020 (so-called “Cura Italia”) and n. 34/2020 (so-called “Rilancio”) introduced, into Italian legislation framework, tax incentive measures associated to both expenses for investments (e.g. the “ecosismabonus”) and current expenses (e.g. s. rental fees on non-residential spaces). Additionally, the Government intervened once again on this matter, by means of Law Decree n. 50/2022 (so-called “Decreto Aiuti”) mainly remodulating the field of potential re-assignees, and by means of Law Decree n. 11/2023 establishing, albeit with some exceptions, the prohibition of selecting the invoice discount option or the transfer of debt option, in lieu of direct fruition of the deduction. These tax incentives apply to households or businesses, are commensurate to a percent of the expense incurred (which in some cases reaches even 110%), and are disbursed in the form of tax credits or tax deductions (which can optionally be transformed into tax credits). The principal characteristics of these tax credits are: i) the possibility of use to offset tax payables; ii) assignability to third party purchasers; and iii) non-eligibility for reimbursement by the Revenue Office. Booking of tax credits purchased by a third party (assignee of the tax credit) cannot be traced to a specific international accounting principle. IAS 8 provides that, in the event of specific cases not explicitly dealt with in an IAS/IFRS accounting principle, company management defines suitable accounting policy that can guaranty relevant and reliable information on said transactions. To this end, the Bank, taking into account the recommendations made by the competent authorities in the document “Accounting treatment of tax credits connected to the ‘Cura Italia’ and ‘Rilancio’ Law Decrees, purchased following assignment by the direct beneficiaries or by previous assignees”, published on 5 January 2021, by the round table between Bank of Italy, Consob and IVASS on the application of IAS/IFRS accounting principles, implemented an accounting policy that refers to the accounting regulations provided for by IFRS 9, applying, in an analogous manner, those provisions compatible with the characteristics of the transaction. The Bank classifies said credits in “Other assets” and refers back to:

- the “Hold to Collect” business model for credits purchased within the limits of its own tax capacity, with the objective of holding them and using them for future offsetting. Said credits are measured at amortised cost, with entry of the pro-rata remuneration as interest income during the period of recovery;
- the “Other” business model for credits purchased for trading, such as is the case for purchases in excess of its own tax capacity, and underwriting of the correlated re-assignment agreements. Said credits are measured at fair value with impact in the income statement. Nevertheless, the average permanence of credits in the portfolio is limited to the time strictly necessary for subsequent assignment.

Representation in the financial statements and information to be provided in periodical accounting reports.
Considering that, in accordance with international accounting standards, purchased tax credits do not represent tax receivables, public contributions, intangible assets or financial assets, the most appropriate classification, for the purpose of representation in the financial statements, is the residual “other assets” line item of the balance sheet (assets line item 120).
As regards representation, in the income statement and/or the overall profitability schedule, of revenues and charges deriving from the purchase and use of tax credits, it will reflect the method used by the transferee (Hold to Collect, Hold to Collect and Sell, Other) and the nature of said revenues and charges (interest, other measurement aspects, such as adjustments for write-backs, profit/loss from transfer), in accordance with paragraphs 82 and 82A of IAS 1 “Presentation of the financial statements”.

A.3 – Information on financial asset transfers between portfolios

A.3.1 Reclassified financial assets: change of the business model, book value and earned interest (thousands)
As at 31/12/2023 there were no reclassified financial assets.

A.3.2 Reclassified financial assets: change of the business model, fair value and effects on overall profitability (thousands)
As at 31/12/2023 there were no reclassified financial assets.

A.3.3. Reclassified financial assets: change of the business model and effective interest rate
As at 31/12/2023 there were no reclassified financial assets.

A.4 – Information on fair value

IFRS 13 requires that assets and liabilities measured at fair value on a recurring basis are those for which the IAS/IFRS accounting principles require or allow measurement at fair value in the balance sheet. Instead, assets and liabilities measured at fair value on a non-recurring basis are those for which the IAS/IFRS accounting principles require or allow measurement at fair value in the balance sheet in specific circumstances. For the purpose of improving transparency of information in the balance sheet regarding the measurement of fair value, IASB has introduced the so-called hierarchy of fair value.

A.4.1 Fair value levels 2 and 3: measurement and input techniques used
In December 2012, through Commission Regulation (EU) n. 1255/2012, the European Commission approved the new IFRS 13 “Fair Value Measurement” principle, effective as of 1 January 2013. IFRS 13 defines fair value as: “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”. As far as financial instruments are concerned, this definition of fair value replaces the previous version contained in IAS 39. As regards financial liabilities, the new definition of fair value provided for by IFRS 13 therefore requires identifying as such the value that would be paid to transfer the liability in question (exit price), as opposed to the value required to settle the same liability (definition contained in IAS 39). This serves to reinforce the theme of the recognition of fair value adjustments of financial liabilities – different from derivatives – attributable to the credit rating of the issuer (Own Credit Adjustment - OCA), with respect to the provisions already set forth on the matter in IAS 39. In particular, as regards calculating the fair value of OTC derivatives under assets in the Balance Sheet, IFRS 13 has confirmed the application of the adjustment relative to counterparty risk (Credit Valuation Adjustment - CVA). As regards financial liabilities represented by OTC derivatives, IFRS 13 introduces the so-called Debit Valuation Adjustment (DVA), which is a fair value adjustment aimed at reflecting own credit risk on such instruments, an issue not explicitly dealt with in IAS 39. The fair value of investments listed in active markets is calculated with reference to market listings on the last day of reference for the financial period. For financial instruments listed on active markets, the fair value assessment is based on the listings on the active market of reference even obtained from international providers and registered on the last day of the financial period. A market is defined as active when the listings reflect standard market transactions, are readily and regularly available and express the price of actual and regular market transactions. If the same financial instrument is listed on more than one market, the listing to be taken into consideration is that on the most advantageous market to which the company has access. The fair value of unlisted financial instruments is calculated by applying valuation methods that aim to determine the price that the instrument would have had on the market at the measurement date in a free exchange motivated by normal commercial considerations. Fair value is obtained using the following methods: use of recent market transactions, reference to the price of financial instruments with the same characteristics as that being measured, and quantitative methods. Specifically, unlisted securities are evaluated by applying models that discount expected future cash flow, using interest rate structures that take into proper consideration the issuer’s business sector and, where available, rating class. The fair value of mutual funds that are not traded on active markets is calculated based on the Net Asset Value as published, and adjusted if necessary to take into account possible changes in value occurring between the date of request of redemption and the effective redemption date. Capital shares not traded on an active market, for which the fair value cannot be calculated reliably using the most common methods, are valued at cost, adjusted to take into account possible significant impairment of value. As regards loans and deposits, at demand/revocable, immediate expiry of contract obligations, coinciding with the date of the financial statements, is considered and therefore their fair value is approximated at booking value. Similarly, booking value is considered for short-term loans as well. The fair value of medium to long-term loans to customers is measured by discounting residual contractual cash flows at the effective interest rate, appropriately adjusted to take into account the credit rating of individual borrowers (represented by the probability of default and by the estimated loss in the event of default). The booking value of impaired assets is an approximation of the fair value. For medium to long-term debt positions, represented by securities valued at amortised cost and hedged for interest rate risk, the booking value is adjusted, due to hedging, to fair value attributable to the hedged risk, discounting the respective flows. The fair value of

derivative contracts traded on regulated markets is considered the market price of the last listing day of the fiscal period. Over the counter derivative contracts are measured on the basis of a variety of models, based on input factors that affect the relative valuation and taking into account adjustments for counterparty risk. The Bank does not calculate and recognize corrections in fair value of derivatives for CVA and DVA if there are formalized and operative agreements for collateralization of the positions in derivatives with the following characteristics:

- Bilateral and high-frequency exchange of collateral (daily or, at most, mid-week);
- Type of guaranty represented by cash or government bonds with high liquidity and credit quality, subject to an adequate safety margin;
- Absence of a threshold for the fair value of the derivative below which no exchange of guaranty is provided for, or setting of this threshold at a level that allows for an effective and significant mitigation of counterparty risk;
- MTA - Minimum Transfer Amount (that is, the difference between the contract fair value and the value of the guaranty) – below which collateralisation of positions is not adjusted, identified by contract at a level that allows for substantial mitigation of counterparty risk.

Hedges already existing at the date of the financial statements were all collateralised.

A.4.2 Measurement processes and sensitivity

At 31 December 2023, there were no assets classified in level 2 of the hierarchy of Fair Value. Financial assets that refer to capital securities "valued at cost" relative to instrumental capital holdings, and for which the fair value cannot be calculated in a reliable or verifiable manner, are conventionally classified at level 3 in the hierarchy of Fair Value.

A.4.3 Hierarchy of fair value

Hierarchy of fair value, based on the provisions of IFRS 13, must be applied to all financial instruments for which fair value is recognised in the balance sheet. In this regard, for these instruments, maximum priority is given to official prices available on active markets and lower priority to the use of non-observable input, which are more discretional. Consequently, fair value is calculated through the use of prices acquired from financial markets, in the case of instruments listed on active markets or, for other financial instruments, through the use of measurement methods that aim at an estimation of fair value. The levels used for classifications and referred to hereinafter in the Explanatory Notes are the following:

• "Level 1": the fair value of the financial instruments is calculated based on price listings observable on active markets (unadjusted) which may be accessed on the date of assessment;

• "Level 2": the fair value of the financial instruments is calculated based on other inputs observable directly or indirectly for the asset or liability, also using measurement techniques;

• "Level 3": the fair value of the financial instruments is calculated based on other input not observable for the asset or liability, also using measurement technique.

A price listed on an active market provides the most reliable evidence of the fair value and, when available, must be used without adjustments to measure fair value. If there are not price listing on active markets, the financial instruments must be classified in level 2 or 3. Classification in Level 2 as opposed to Level 3 is determined based on the observability on markets of significant inputs used to calculate fair value.

A.4.4 Other information

There is no other information to be provided.

A.4.5 Hierarchy of fair value

A.4.5.1 Assets and liabilities measured at fair value on a recurring basis: divided by level of fair value.

Financial assets/liabilities measured at fair value	31/12/2023			31/12/2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Financial assets measured at fair value with impact on profit and loss account	83,941	0	98,203	109,932	0	98,596
a) financial assets held for trading	83,941	0	618	66,873	0	683
b) financial assets measured at fair value	0	0	0	0	0	0
c) financial assets obligatorily measured at fair value	0	0	97,585	43,060	0	97,913
2. Financial assets measured at fair value with impact on total profits	461,456	0	13,493	594,184	0	18,166
3. Hedges	0	0	0	0	0	0
4. Property, plants and equipment	0	0	0	0	0	0
5. Intangible assets	0	0	0	0	0	0
Total	**545,397**	**0**	**111,696**	**704,117**	**0**	**116,761**
1. Financial liabilities held for trading	0	0	442	0	0	98
2. Financial liabilities measured at fair value	0	0	0	0	0	0
3. Hedges	0	0	0	0	0	0
Total	**0**	**0**	**442**	**0**	**0**	**98**

Key:
Level 1 = Fair value of a financial instrument listed in an active market;

Level 2 = Fair value measured on the basis of measurement techniques that use parameters that can be observed on the market, other than the listings of the financial instrument;
Level 3 = Fair value measured on the basis of measurement techniques that use parameters that cannot be observed on the market.

A.4.5.2 Annual variations of financial assets measured at fair value on a recurring basis (level 3)

	Financial assets measured at fair value with impact on profit and loss account				Financial assets measured at fair value with impact on total profits	Hedges	Property, plants and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets measured at fair value	of which: c) other financial assets obligatorily measured at fair value				
1. Initial value	**116,761**	**683**	**0**	**97,913**	**18,166**	**0**	**0**	**0**
2. Additions								
2.1. Purchases	18,235	0	0	17,994	241	0	0	0
2.2. Revenues allocated to:								
2.2.1. Income statement	0	0	0	0	0	0	0	0
- of which gains	0	0	0	0	0	0	0	0
2.2.2. Shareholders' equity	0	X	X	X	0	0	0	0
2.3. Transfers from other levels	0	0	0	0	0	0	0	0
2.4. Other additions	0	0	0	0	0	0	0	0
3. Reductions								
3.1. Sales	20,916	64	0	16,341	4,512	0	0	0
3.2. Redemptions	0	0	0	0	0	0	0	0
3.3. Losses allocated to:								
3.3.1. Profit and loss account	2,384	0	0	1,982	403	0	0	0
- of which losses	2,078	0	0	1,676	403	0	0	0
3.3.2. Shareholders' equity	0	X	X	X	0	0	0	0
3.4. Transfers to other levels	0	0	0	0	0	0	0	0
3.5. Other reductions	0	0	0	0	0	0	0	0
4. Final values	**111,696**	**618**	**0**	**97,585**	**13,493**	**0**	**0**	**0**

A.4.5.3 Annual variations of financial liabilities measured at fair value on a recurring basis (level 3)

	Financial liabilities held for trading	Financial liabilities measured at fair value	Hedges
1. Initial value	**98**	**0**	**0**
2. Additions			
2.1. Issues	618	0	0
2.2. Losses allocated to:			
2.2.1. Income statement	0	0	0
- of which losses	0	0	0
2.2.2. Shareholders' equity	X	0	0
2.3. Transfers from other levels	0	0	0
2.4. Other additions	0	0	0
3. Reductions			
3.1. Redemptions	98	0	0
3.2. Repurchases	0	0	0
3.3. Revenues allocated to:			
3.3.1. Profit and loss account	176	0	0
- of which gains	176	0	0
3.3.2. Shareholders' equity	X	0	0
3.4. Transfers to other levels	0	0	0
3.5. Other reductions	0	0	0
4. Final values	**442**	**0**	**0**

A.4.5.4 Financial assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: divided by level of fair value

Financial assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2023				31/12/2022			
	BV	L1	L2	L3	BV	L1	L2	L3
1. Financial assets measured at amortised cost	3,501,781	386,499	0	3,115,282	3,746,242	360,590	0	3,385,652
2. Property, plants and equipment held as investments	0	0	0	0	0	0	0	0
3. Non-current assets and groups of assets in the course of divestment	0	0	0	0	0	0	0	0
Total	**3,501,781**	**386,499**	**0**	**3,115,282**	**3,746,242**	**360,590**	**0**	**3,385,652**
1. Financial liabilities measured at amortised cost	4,418,593	0	0	4,418,593	4,607,522	0	0	4,607,522

Financial assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2023				31/12/2022			
	BV	L1	L2	L3	BV	L1	L2	L3
2. Liabilities associated to assets in the course of divestment	0	0	0	0	0	0	0	0
Total	**4,418,593**	**0**	**0**	**4,418,593**	**4,607,522**	**0**	**0**	**4,607,522**

Key: BV = Book value - L1 = Level 1 - L2 = Level 2 - L3 = Level 3

A.5 – Information on so-called “day one profit/loss”

The Bank does not present transactions for which, at the moment of initial recognition of the financial instruments not listed in active markets, the component relative to the so-called “day one profit/loss” was measured. Consequently, the information required by paragraph 28 of IFRS 7 is not herein provided.

PART B – Information on the balance sheet

ASSETS

Section 1 - Cash and cash equivalents - Line item 10

1.1 Cash and cash equivalents: breakdown

Line items	31/12/2023	31/12/2022	Var.	% Var.
a) cash and cash equivalents	15,516	12,825	2,691	20.98%
b) Bank accounts and demand deposits with Central banks	278,062	0	278,062	
c) Bank accounts and demand deposits with banks	47,489	36,936	10,553	28.57%
Total	**341,067**	**49,761**	**291,306**	**585.41%**

Notes:
The line item "Demand deposits with central banks" does not include the regulatory reserve that was noted in asset line item 40 a) "Financial assets measured at amortised cost a) receivables from banks".

Section 2 - Financial assets measured at fair value with impact on profit and loss account - Line item 20

2.1 Financial assets held for trading: breakdown by type

Line items/values	31/12/2023			31/12/2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
A. Cash assets						
1 Debt securities	83,941	0	0	66,519	0	0
1.1 Structured securities	385	0	0	0	0	0
1.2 Other debt securities	83,557	0	0	66,519	0	0
2 Capital securities	0	0	0	354	0	0
3 Shares in mutual funds	0	0	0	0	0	0
4 Loans	0	0	0	0	0	0
4.1 Repurchase agreements	0	0	0	0	0	0
4.2 Other	0	0	0	0	0	0
Total A	**83,941**	**0**	**0**	**66,873**	**0**	**0**
B. Derivative instruments						
1 Financial derivatives:	0	0	618	0	0	683
1.1 for trading	0	0	618	0	0	683
1.2 connected to the fair value option	0	0	0	0	0	0
1.3 other	0	0	0	0	0	0
2 Credit derivatives	0	0	0	0	0	0
2.1 for trading	0	0	0	0	0	0
2.2 connected to the fair value option	0	0	0	0	0	0
2.3 other	0	0	0	0	0	0
Total B	**0**	**0**	**618**	**0**	**0**	**683**
Total (A+B)	**83,941**	**0**	**618**	**66,873**	**0**	**683**

2.2 Financial assets held for trading: breakdown by borrower/issuer/counterparty

Line items/values	31/12/2023	31/12/2022	Var.	% Var.
A. CASH ASSETS				
1. Debt securities	**83,941**	**66,519**	**17,422**	**26.19%**
a) Central banks	0	0	0	0.00%
b) Public administrations	60,136	60,149	-13	-0.02%
c) Banks	19,198	2,524	16,674	660.62%
d) Other financial companies	1,833	780	1,052	134.83%
of which: insurance companies	203	0	203	0.00%
e) Non finance companies	2,775	3,066	-290	-9.47%
2 Capital securities	**0**	**354**	**-354**	**-100.00%**
a) Banks	0	0	0	0.00%
b) other financial companies	0	354	-354	-100.00%
of which: insurance companies	0	0	0	0.00%

Line items/values	31/12/2023	31/12/2022	Var.	% Var.
c) Non finance companies	0	0	0	0.00%
d) Other issuers	0	0	0	0.00%
3 Shares in mutual funds	**0**	**0**	**0**	**0.00%**
4 Loans	0	0	0	0.00%
a) Central banks	0	0	0	0.00%
b) Public administrations	0	0	0	0.00%
c) Banks	0	0	0	0.00%
d) Other financial companies	0	0	0	0.00%
of which: insurance companies	0	0	0	0.00%
e) Non finance companies	0	0	0	0.00%
f) Families	0	0	0	0.00%
Total (A)	**83,941**	**66,873**	**17,069**	**25.52%**
B DERIVATIVE INSTRUMENTS				
a) Central counterparties	0	0	0	0.00%
b) other	618	683	-64	-9.40%
Total (B)	618	683	-64	-9.40%
Total (A+B)	**84,560**	**67,555**	**17,005**	**25.17%**

2.5 Financial assets obligatorily measured at fair value: breakdown by type

Line items/values	31/12/2023			31/12/2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1 Debt securities	0	0	3,651	0	0	3,874
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	0	0	3,651	0	0	3,874
2 Capital securities	0	0	0	0	0	0
3 Shares in mutual funds	0	0	25,722	43,060	0	24,541
4 Loans	0	0	68,212	0	0	69,498
4.1 Repurchase agreements	0	0	0	0	0	0
4.2 Other	0	0	68,212	0	0	69,498
Total	0	0	97,585	43,060	0	97,913

2.6 Financial assets obligatorily measured at fair value: breakdown by borrower/issuer

Line items/values	31/12/2023	31/12/2022
1 Capital securities	**0**	**0**
of which: Banks	0	0
of which: Other financial companies	0	0
of which: Other non-finance companies	0	0
2. Debt securities	**3,651**	**3,874**
a) Central banks	0	0
b) Public administrations	0	0
c) Banks	1,002	937
d) Other financial companies	0	0
of which: insurance companies	0	0
e) Non finance companies	2,649	2,937
3 Shares in mutual funds	**25,722**	**67,601**
2 Loans	**68,212**	**69,498**
a) Central banks	0	0
b) Public administrations	0	0
c) Banks	0	0
d) Other financial companies	1,008	0
of which: insurance companies	1,008	0
e) Non finance companies	66,000	68,896

Line items/values	31/12/2023	31/12/2022
f) Families	1,204	602
Total	**97,585**	**140,973**

Section 3 - Financial assets measured at fair value with impact on total profits- Line item 30

3.1 Financial assets measured at fair value with impact on total profits: breakdown by type

Line items/values	Total at 31/12/2023			Total at 31/12/2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt securities	460,627	0	0	594,184	0	0
1.1 Structured securities	0	0	0	0	0	0
1.2 Other debt securities	460,627	0	0	594,184	0	0
2. Capital securities	829	0	13,493	0	0	18,166
3. Loans	0	0	0	0	0	0
Total	**461,456**	**0**	**13,493**	**594,184**	**0**	**18,166**

3.2 Financial assets measured at fair value with impact total profits: breakdown by borrower/issuer

Line items/values	Total at 31/12/2023	Total at 31/12/2022	Var.	% Var.
1. Debt securities	**460,627**	**594,184**	**-133,558**	**-22.48%**
a) Central banks	0	0	0	0.00%
b) Public administrations	453,461	588,811	-135,350	-22.99%
c) Banks	7,165	5,373	1,792	33.35%
d) Other financial companies	0	0	0	0.00%
of which: insurance companies	0	0	0	0.00%
e) Non finance companies	0	0	0	0.00%
			0	0.00%
2. Capital securities	**14,322**	**18,166**	-3,844	-21.16%
a) Banks	7,500	7,500	0	0.00%
b) Other issuers:	6,822	10,666	-3,844	-36.04%
- other financial companies	502	417	0	0.00%
of which: insurance companies	0	0	0	0.00%
- non finance companies	6,320	10,248	-3,928	-38.33%
- other	0	0	0	0.00%
3. Loans	**0**	**0**	0	0.00%
a) Central banks	0	0	0	0.00%
b) Public administrations	0	0	0	0.00%
c) Banks	0	0	0	0.00%
d) Other financial companies	0	0	0	0.00%
of which: insurance companies	0	0	0	0.00%
e) Non finance companies	0	0	0	0.00%
f) Families	0	0	0	0.00%
Total	**474,949**	**612,350**	**-137,401**	-22.44%

3.3 Financial assets measured at fair value with impact on total profits: gross value and overall value adjustments

	Gross value					Overall value adjustments				Overall partial write-offs
	First stage	of which: Instruments with a low credit risk	Second stage	Third stage	of which: Impaired purchased or originated	First stage	Second stage	Third stage	of which: Impaired purchased or originated	
Debt securities	458,397	458,397	2,497	0	0	261	6	0	0	0
Loans	0	0	0	0	0	0	0	0	0	0
Total at 31/12/2023	458,397	458,397	2,497	0	0	261	6	0	0	0
Total at 31/12/2022	592,420	592,420	2,256	0	0	470	22	0	0	0

Section 4 - Financial assets measured at amortised cost - Line item 40

4.1 Financial assets measured at amortised cost: breakdown by type of receivables from banks

Type of transaction / values	Total at 31/12/2023						Total at 31/12/2022					
	Book value			Fair value			Book value			Fair value		
	First and second stage	Third stage	of which: impaired purchased or originated	Level 1	Level 2	Level 3	First and second stage	Third stage	of which: impaired purchased or originated	Level 1	Level 2	Level 3
A. Receivables from central banks	29,508	0	0	0	0	29,508	84,303	0	0	0	0	84,303
1. Term deposits	0	0	0	X	X	X	0			X	X	X
2. Regulatory reserve	29,508	0	0	X	X	X	84,303			X	X	X
3. Repurchase agreements	0	0	0	X	X	X	0			X	X	X
4. Other	0	0	0	X	X	X	0			X	X	X
B. Receivables from banks	53,770	0	0	3,683	0	50,087	56,757			6,720	0	50,037
1. Loans	50,087	0	0	0	0	50,087	50,037			0	0	50,037
1.1. Bank accounts	0	0	0	X	X	X	0			X	X	X
1.2. Term deposits	50,087	0	0	X	X	X	50,037			X	X	X
1.3. Other loans:	0	0	0	X	X	X	0			X	X	X
- Repurchase agreement assets	0	0	0	X	X	X	0			X	X	X
- Loans for leases	0	0	0	X	X	X	0			X	X	X
- Other	0	0	0	X	X	X	0			X	X	X
2. Debt securities	3,683	0	0	3,683	0	0	6,720			6,720	0	0
2.1 Structured securities	0	0	0	0	0	0	0			0	0	0
2.2 Other debt securities	3,683	0	0	3,683	0	0	6,720			6,720	0	0
Total	**83,277**	**0**	**0**	**3,683**	**0**	**79,595**	**141,061**	**0**	**0**	**6,720**	**0**	**134,340**

4.2 Financial assets measured at amortised cost: breakdown by type of receivables from customers

Type of transaction/assets	Total at 31/12/2023							Total at 31/12/2022						
	Book value				Fair value			Book value				Fair value		
	First and second stage	Third stage	impaired purchased or originated	Total	Level 1	Level 2	Level 3	First and second stage	Third stage	of which: impaired purchased or originated	Total	Level 1	Level 2	Level 3
1. Loans	**2,891,277**	**140,556**	**3,854**	3,035,687	**-**	**-**	**3,002,323**	**3,082,249**	**168,329**	**734**	**3,251,311**	**-**	**-**	**3,211,689,613**
1.1. Bank accounts	603,103	14,396	1,316	618,814	X	X	X	562,471	17,322	-	579,792	X	X	X
1.2. Repurchase agreement assets	-	-	-	-	X	X	X	-	-	-	-	X	X	X
1.3. Mortgage loans	1,415,113	73,782	469	1,489,364	X	X	X	1,498,937	97,786	622	1,597,346	X	X	X
1.4. Credit cards, personal loans and salary-backed loans	15,825	443	1	16,269	X	X	X	18,782	510	32	19,324	X	X	X
1.5. Loans for leases	-	-	-	-	X	X	X	148	-	-	148	X	X	X
1.6. Factoring	-	-	-	-	X	X	X	-	-	-	-	X	X	X
1.7. Other loans	857,237	51,936	2,068	911,241	X	X	X	1,001,911	52,711	80	1,054,702	X	X	X
2. Debt securities	**382,816**	**-**	**-**	**382,816**	**352,713**	**-**	**-**	**353,870**	**-**	**-**	**353,870**	**294,587**	**-**	**-**
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	382,816	-	-	382,816	352,713	-	-	353,870	-	-	353,870	294,587	-	-
Total (book value)	**3,274,093**	**140,556**	**3,854**	**3,418,504**	**352,713**	**-**	**3,002,323**	**3,436,118**	**168,329**	**734**	**3,605,181**	**294,587**	**-**	**3,211,690**

4.3 Financial assets measured at amortised cost: breakdown by borrower/issuer of receivables from customers

Type of transaction/assets	Total at 31/12/2023			Total at 31/12/2022		
	First and second stage	Third stage	Impaired purchased or originated	First and second stage	Third stage	Impaired purchased or originated
1. Debt securities	**382,816**	**0**	**0**	**353,870**	**0**	**0**
a) Public administrations	382,816	0	0	353,870	0	0
b) other financial companies	0	0	0	0	0	0
of which: insurance companies	0	0	0	0	0	0
c) Non finance companies	0	0	0	0	0	0
2. Loans to:	**2,891,277**	**140,556**	**3,854**	**3,082,249**	**168,329**	**734**
a) Public administrations	857	0	0	813	0	0
b) other financial companies	354,181	1,332	0	333,961	2,552	0
of which: insurance companies	9,199	0	0	0	0	0
c) Non finance companies	1,259,818	94,390	3,268	1,415,783	109,099	146
d) Families	1,276,420	44,834	586	1,331,692	56,678	588
Total	**3,274,093**	**140,556**	**3,854**	**3,436,118**	**168,329**	**734**

4.4 Financial assets measured at amortised cost: gross value and overall value adjustments

	Gross value					Overall value adjustments				Overall partial write-offs
	First stage	of which: Instruments with a low credit risk	Second stage	Third stage	Impaired purchased or originated	First stage	Second stage	Third stage	Impaired purchased or originated	
Debt securities	383,003	386,756	3,753	0	0	186	70	0	0	0
Loans	2,684,781	2,684,766	302,480	231,999	5,249	7,789	8,600	91,443	1,395	0
Total at 31/12/2023	**3,067,783**	**3,071,522**	**306,233**	**231,999**	**5,249**	**7,975**	**8,670**	**91,443**	**1,395**	**0**
Total at 31/12/2022	**3,268,078**	**3,274,877**	**328,624**	**282,229**	**920**	**6,213**	**13,310**	**113,900**	**186**	**0**

Notes: the line item “Loans” includes exposures subject to Covid-19 aid measures, in the form of ‘New loans’, for a total of € 429.54 million, of which € 405.84 performing, and € 23.70 million non-performing. The overall value adjustments amount to € 5.95 million of which 4.79 million on non-performing positions.

Section 7 – Equity investments - Line item 70

7.1 Equity investments in subsidiaries, jointly held companies, or companies subject to significant influence: information on shareholdings

Company names	Registered offices	Operational offices	% of shareholding	% of available votes
A. Wholly controlled subsidiaries				
1. Cambiano Leasing S.p.A.	Empoli	Empoli	95.00%	95.00%
2. Immobiliare 1884 s.r.l.	Firenze	Empoli	100.00%	100.00%
B. Jointly held companies				
C. Companies subject to significant influence				
1. C.H. S.p.a. (1)	Empoli	Empoli	49.60%	29.60%
2. Cabel Industry s.p.a. (2)	Empoli	Empoli	8.04%	8.04%

Notes:

As regards the shareholding at 31/12/2023 in the company Invest Italy SIM, during the month of October the transaction for the transfer of the majority shareholding (88.5%) was completed, reducing the shareholding to 10%. Therefore, at 31/12/2023, the equity investment was therefore allocated among financial assets measured at fair value with allocation to OCI.

During the fiscal year, as thoroughly illustrated in the report on management, the Bank transferred the shareholdings in the company Cabel IP S.p.A. (25.48%) and Gardena Capital LTD (39%).

(1) (3) During 2019, the Bank assigned 20% of shareholdings in Cabel Holding in usufruct to a Trust. The cost, book value and percent of shareholdings have remained unvaried, while the number of shares (for the purposes of the % of votes available in the Shareholders’ Meeting) has decreased from 49.60% to 29.60%.

(2) In May 2023, the Bank’s shareholding in the company decreased further, from 11.49% to 8.04%, following the issue of n. 4,028,572 shares, fully subscribed by Quid Informatica S.p.A . At the same time, C. H. transferred to the same company n. 2,014,286 shares in Cabel Industry, reducing its

shareholding from 79.43% to 25.60%. Considering the reduction of the indirect shareholding – that is, the shareholding through equity investment in C.H. SpA – that decreases from 39.40% to 12.70%, the percent holding in Cabel Industry s.p.a. decreases from 50.89% to 20.74%.

7.2 Significant shareholdings: book values, fair value and dividends received

Company names	Book value	Fair value	Dividends received
A. Wholly controlled subsidiaries	**32,239**	**32,239**	**0**
1. Cambiano Leasing s.p.a.	18,739	18,739	0
2. Immobiliare 1884 s.r.l.	13,500	13,500	0
B. Jointly held companies	**0**	**0**	**0**
C. Companies subject to significant influence	**15,933**	**15,933**	**0**
1. C. H. s.p.a.	14,569	14,569	0
2. Cabel Industry s.p.a.	1,364	1,364	0
Totals	**48,172**	**48,172**	**0**

Notes:

The fair value of shareholdings in companies subject to significant interest corresponds to the balance sheet value in that none of the companies in question is listed on a trade market.

As regards the shareholding in C.H. s.p.a., although no triggers that require it were identified, an assessment was made with the aid of an independent external expert. The assessment did not identify any impairment of the company.

7.3 Significant shareholdings: accounting information

Company names	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non-financial liabilities	Total revenue	Interest income
A. Wholly controlled subsidiaries	**217**	**316,822**	**35,937**	**306,102**	**9,511**	**19,493**	**5,769**
1. Cambiano Leasing s.p.a.	217	313,643	8,713	289,468	9,396	18,858	6,036
2. Immobiliare 1884 s.r.l.	0	3,180	27,223	16,635	116	635	-267
B. Jointly held companies	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. Companies subject to significant influence	x	**14,914**	**85,476**	**0**	**37,848**	**32,962**	**0**
1. C. H. s.p.a.	x	14,868	28,154	0	962	1,825	x
2. Cabel Industry s.p.a.	x	45	57,321	0	36,887	31,138	x
Totals	**217**	**331,736**	**121,412**	**306,102**	**47,360**	**52,455**	**5,769**

Company names	Value adjustments and write-backs on property, plant and equipment and intangible assets	Profit (loss) on continuing operations before tax	Profit (loss) on continuing operations after tax	Profit (loss) from groups of assets in course of divestment net of taxes	Profit (loss) for the fiscal period (1)	Other income components net of tax (2)	Overall profitability (3) = (1) + (2)
A. Wholly controlled subsidiaries	**362**	**2,004**	**1,235**	**0**	**1,235**	**0**	**1,235**
1. Cambiano Leasing s.p.a.	136	2,258	1,503	0	1,503	0	1,503
2. Immobiliare 1884 s.r.l.	226	-254	-267	0	-267	0	-267
B. Jointly held companies	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. Companies subject to significant influence	**0**	**23**	**75**	**0**	**75**	**0**	**75**
1. C. H. s.p.a.	x	41	57	0	57	0	57
2. Cabel Industry s.p.a.	x	-18	17	0	17	0	17
Totals	**362**	**2,027**	**1,310**	**0**	**1,310**	**0**	**1,310**

Notes:

The above companies carry out activities that are instrumental to Bank activities and perform services that are auxiliary to Bank activities. As regards wholly owned subsidiaries, the values shown in the above table refer to the year 2022, while for companies subject to significant influence, the data shown are as at 30 September 2023.

The book value was calculated according to the table below:

Company names	Shareholders' equity	% of shareholdings	Purchases/Sales	Dividends received	Book value at cost
1. Cambiano Leasing s.p.a.	10,000	52.00%	0	0	18,739
2. Immobiliare 1884 s.r.l.	13,500	100.00%	0	0	13,500
Totals	**23,500**		**0**	**0**	**32,239**

Company names	Shareholders' equity	% of shareholdings	Purchases/Sales	Dividends received	Book value at PN
1. C. H. s.p.a.	29,374	49.60%	0	0	14,569
2. Cabel Industry s.p.a.	16,957	8.04%	0	0	1,364
Totals	**46,331**		**0**	**0**	**15,933**

7.5 Equity investments: annual variations

Line items	Total at 31/12/2023	Total at 31/12/2022
A. Initial value	**49,716**	**48,209**
B. Additions	**410**	**2,977**
B.1 Purchases	266	1,653
B.2 Write-backs of value	0	0
B.3 Revaluations	144	1,324
B.4 Variations of value	0	0
C. Reductions	**1,953**	**1,470**
C.1 Sales	1,429	0
C.2 Value adjustments	0	0
C.3 Write-downs	395	1,470
C.4 Variations of value	128	0
D. Final values	**48,172**	**49,716**
E. Total revaluations	**14,665**	**14,521**
F. Total adjustments	**0**	**0**

Notes:
Line B.1 "Purchases" includes the purchase of n. 693,000 shares in the company Invest Italy SIM S.p.A.
Line B.3 "Revaluations" includes the revaluation of the company Cabel Industry s.p.a. for € 144 thousand due to the adjustment of the value of the Bank's equity holdings.
Line C.1 "Sales" includes the sale of n. 10,620,000 shares (equal to 88.50%) of the company Invest Italy SIM S.p.A. , and the transfer of the entirety of shares held in the companies Cabel IP and Gardena Capital LtD-
Line C.3 "Write-downs" includes the write-down of the company C.H. s.p.a. for 395 thousand, due to the adjustment in value of the value of the Bank's equity holdings.
Line C.4 "Variations of value" includes the classification of the shareholding in the company Invest Italy SIM, equal to 10%, among financial assets measured at fair with OCI option.

7.7 Equity investments: commitments referred to investments in companies subject to significant influence

There are no investments that may generate potential liabilities deriving from any joint investment.

7.8 Equity investments: restrictions

There are no significant restrictions referred to investments in companies subject to significant influence.

Section 8 - Property, plants and equipment - Line item 80

8.1 Property, plants and equipment with a functional use: breakdown of assets measured at cost

Assets/values	Total at 31/12/2023	Total at 31/12/2022
1. Owned assets	**50,517**	**51,587**

Assets/values	Total at 31/12/2023	Total at 31/12/2022
a) land	9,353	9,353
b) buildings	26,956	28,874
c) furniture	10,542	9,696
d) electronic equipment	935	986
e) other	2,731	2,677
2. Rights of use acquired through leases	**11,859**	**13,374**
a) land	0	0
b) buildings	11,784	13,348
c) furniture	0	0
d) electronic equipment	0	0
e) other	75	26
Total	**62,376**	**64,960**
of which: obtained by enforcing guarantees received	*0*	*0*

Notes:
All the Bank's property, plants and equipment are measured at cost; the line item "land" indicates the value of the land, which is separated from the value of the buildings.
Sub-line item 2 shows the rights of use purchased with financial leases, subsequent to coming into effect of the new IFRS 16 accounting principle starting 1.1.2019.

8.6 Property, plants and equipment with a functional use: annual variations

Line items	Land	Buildings	Furniture	Electronic equipment	Other	Total at 31/12/2023
A. Gross initial value	**9,353**	**70,042**	**15,929**	**2,719**	**14,952**	**112,995**
A.1 Net total reductions of value	0	27,820	6,233	1,732	12,249	48,035
A.2 Net initial value	**9,353**	**42,222**	**9,696**	**986**	**2,703**	**64,960**
A.4 Net balance	**9,353**	**42,222**	**9,696**	**986**	**2,703**	**64,960**
B. Additions:	**0**	**3,046**	**1,556**	**351**	**1,340**	**6,293**
B.1 Purchases	0	2,638	1,373	350	1,080	5,441
B.2 Expenses for capitalised improvements	0	342	0	0	0	342
B.3 Write-backs of value	0	0	0	0	0	0
B.4 Increases of fair value allocated 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 Increases in exchange rates	0	0	0	0	0	0
B.6 Transfers from buildings held as investments	0	0	X	X	X	0
B.7 Variations of value	0	65	183	2	260	509
C. Reductions:	**0**	**6,528**	**710**	**402**	**1,236**	**8,877**
C.1 Sales	0	1,217	237	0	288	1,742
C.2 Depreciation	0	3,429	473	401	948	5,251
C.3 Value adjustments due to impairment allocated 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 of fair value allocated 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 Decreases in exchange rates	0	0	0	0	0	0
C.6 Transfers to:	**0**	**0**	**0**	**0**	**0**	**0**
a) property, plants and equipment held as investments	0	0	0	0	0	0
b) non-current assets and groups of assets in the course of divestment	0	0	X	X	X	0

Line items	Land	Buildings	Furniture	Electronic equipment	Other	Total at 31/12/2023
C.7 Variations of value	0	1,882	0	2	260	2,143
D. Final net values	**9,353**	**38,740**	**10,542**	**935**	**2,806**	**62,376**
D.1 Net total reductions of value	0	31,184	6,524	2,132	12,937	52,777
D.2 Final gross values	**9,353**	**69,924**	**17,065**	**3,067**	**15,744**	**115,153**
E. Measurement at cost	**0**	**0**	**0**	**0**	**0**	**0**

Notes:
Line item B.1 "Purchases" includes renewals of contracts for goods purchased through lease contracts. These amounts are detailed in table B 8.6 bis.

Depreciation was measured pro rata using the rates specified below:

Type	Percent
- Land	0.00%
- Buildings	3.00%
- Works of art	0.00%
- Furniture and furnishings	1.,00%
- AED plants, machinery and equipment	20.00%
- Technical plants, machinery and equipment	15.00%
- Vehicles	20.00%
- Rights of use	Based on the duration of the contract

8.6 bis Of which - Property, plants and equipment with a functional use - Rights of use acquired through leases: annual variations

Line items	Land	Buildings	Furniture	Electronic equipment	other	Total at 31/12/2023
A. Gross initial value	**0**	**22,656**	**0**	**0**	**135**	**22,791**
A.1 Net total reductions of value	0	9,308	0	0	109	9,417
A.2 Net initial value	**0**	**13,348**	**0**	**0**	**26**	**13,374**
A.4 Net balance	**0**	**13,348**	**0**	**0**	**26**	**13,374**
B. Additions:	**0**	**2,638**	**0**	**0**	**88**	**2,726**
B.1 Purchases	0	2,638	0	0	88	2,726
B.2 Expenses for capitalised improvements	0	0	0	0	0	0
B.3 Write-backs of value	0	0	0	0	0	0
B.4 Increases of fair value allocated 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 Increases in exchange rates	0	0	0	0	0	0
B.6 Transfers from buildings held as investments	0	0	X	X	X	0
B.7 Variations of value	0	0	0	0	0	0
C. Reductions:	**0**	**4,202**	**0**	**0**	**39**	**4,241**
C.1 Sales	0	0	0	0	0	0
C.2 Depreciation	0	2,320	0	0	39	2,359
C.3 Value adjustments due to impairment allocated 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 of fair value allocated 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 Decreases in exchange rates	0	0	0	0	0	0
C.6 Transfers to:	**0**	**0**	**0**	**0**	**0**	**0**
a) property, plants and equipment held as investments	0	0	X	X	X	0
b) non-current assets and groups of assets in the course of divestment	0	0	0	0	0	0

Line items	Land	Buildings	Furniture	Electronic equipment	other	Total at 31/12/2023
C.7 Variations of value	0	1,882	0	0	0	1,882
D. Final net values	**0**	**11,784**	**0**	**0**	**75**	**11,859**
D.1 Net total reductions of value	0	11,628	0	0	148	11,776
D.2 Final gross values	**0**	**23,412**	**0**	**0**	**223**	**23,635**
E. Measurement at cost	**0**	**0**	**0**	**0**	**0**	**0**

Section 9 - Intangible assets - Line item 90

9.1 Intangible assets: breakdown by type of asset

Assets/values	Total at 31/12/2023		Total at 31/12/2022	
	Limited duration	Undefined duration	Limited duration	Undefined duration
A.1 Goodwill	X	0	X	0
A.2 Other intangible assets	**4,852**	**0**	**4,082**	**0**
Of which: software	*3,732*	*0*	*4,082*	*0*
A.2.1 Assets measured at cost:	3,732	0	4,082	0
a) Intangible assets generated internally	0	0	0	0
b) Other assets	3,732	0	4,082	0
A.2.2 Assets measured at fair value:	1,120	0	0	0
a) Intangible assets generated internally	0	0	0	0
b) Other assets	1,120	0	0	0
Total	**4,852**	**0**	**4,082**	**0**

Notes:

Intangible assets measured at fair value, generated within the scope of the BCC for Web company merger transaction, relates to the valuation of relations with customers ("Client Relationship") existing in the acquired branch of business, and identified during the PPA process, in accordance with IFRS3. Said relationships, made up of managed and administrated deposits and interest bearing current accounts, were amortised based on the useful lift of the same, estimated as being 3 years..

The Bank’s other intangible assets are valued at cost.

9.2 Intangible assets: annual variations

Line items	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total at 31/12/2023
		limited duration	Indefinite duration	limited duration	Indefinite duration	
A. Gross initial value	**0**	**0**	**0**	**11,520**	**0**	**11,520**
A.1 Net total reductions of value	0	0	0	7,437	0	7,437
A.2 Net initial value	**0**	**0**	**0**	**4,082**	**0**	**4,082**
B. Additions						
B.1 Purchases	0	0	0	1,651	0	1,651
B.2 Increases of internal intangible assets	X	0	0	0	0	0
B.3 Write-backs of value	X	0	0	0	0	0
B.4 Increases of fair value						
- to shareholders’ equity	X	0	0	0	0	0
- to income statement	X	0	0	1,291	0	1,291
B.5 Increases in exchange rates	0	0	0	0	0	0
B.6 Variations of value	0	0	0	1	0	1
C. Reductions						
C.1 Sales	0	0	0	0	0	0
C.2 Value adjustments						
- Depreciation	X	0	0	2,169	0	2,169
- Write-downs						
+ shareholders’ equity	X	0	0	0	0	0
+ income statement	0,00	0	0	0	0	0
C.3 Decreases of fair value						
- to shareholders’ equity	X	0	0	0	0	0
- to income statement	X	0	0	0	0	0
C.4 Transfers to non-current assets in the course of divestment	0	0	0	0	0	0
C.5 Decreases in exchange rates	0	0	0	0	0	0
C.6 Variations of value	0	0	0	5	0	5
D. Final net values	**0,00**	**0**	**0**	**4,852**	**0**	**4,852**
D.1 Total net value adjustments	0	0	0	9,606	0	9,606
E. Final gross values	**0**	**0**	**0**	**14,458**	**0**	**14,458**

Line items	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total at 31/12/2023
		limited duration	Indefinite duration	limited duration	Indefinite duration	
F. Measurement at cost	0	0	0	0	0	0

Notes:
Other intangible assets consist in goodwill and expenses for company software.

Section 10 - Tax assets and liabilities- Assets line item 100 and Liabilities line item 60

Probability test on deferred taxes

As regards the probability test on deferred taxes, please refer to the contents of Part B – Assets, of the Consolidated Explanatory Notes.

10.1 Assets from pre-paid taxes: breakdown

Line items/values	Total at 31/12/2023	Total at 31/12/2022
1. Multi-year costs	34	0
2. Personnel costs	287	261
3. Receivables	10,627	15,296
4. Entertainment expenses	0	0
5. Financial instruments (HTCL securities)	4,174	10,503
6. Tax losses	547	1,237
7. Goodwill	1,364	1,461
8. Other	0	0
Total	**17,033**	**28,757**

Notes:
The line "Financial instruments" shows tax receivables related to financial instruments classified in the portfolio of financial assets measured at fair value with impact on total profits.
The line "Tax losses" measured at 31 December 2023 shows the recognised amount of tax assets calculated on tax losses accrued as at 31.12.2019 by Invest Banca, purchased through the merger transaction.

Detail of receivables from pre-paid taxes point 3. Receivables from the previous table:

Line items/values	Total at 31/12/2023	Total at 31/12/2022
1. Irap (tax on productive activities) scheduled for 2018 - deferred to 2026	0	0
2. Ires (corporate income tax) scheduled for 2018 - deferred to 2026	0	0
3. Irap (tax on productive activities) scheduled for 2019 – deferred in 4 instalments from 2022 to 2025	0	0
4. Ires (corporate income tax) scheduled for 2019 – deferred in 4 instalments from 2022 to 2025	0	0
5. Irap (tax on productive activities) scheduled for 2020	0	0
6. Ires (corporate income tax) scheduled for 2020	0	0
7. Irap (tax on productive activities) scheduled for 2021	0	0
8. Ires (corporate income tax) scheduled for 2021	0	0
9. Irap (tax on productive activities) scheduled for 2022	0	0
10. Ires (corporate income tax) scheduled for 2022	0	0
11. Irap (tax on productive activities) scheduled for 2023	0	552
12. Ires (corporate income tax) scheduled for 2023	0	3,617
13. Irap (tax on productive activities) scheduled for 2024	530	552
14. Ires (corporate income tax) scheduled for 2024	3,473	3,617
15. Irap (tax on productive activities) scheduled for 2025	324	346
16. Ires (corporate income tax) scheduled for 2025	2,122	2,267
17. Irap (tax on productive activities) scheduled for 2026	227	249
18. Ires (corporate income tax) scheduled for 2026	1,485	1,630
19. Irap (tax on productive activities) on adjustments due to FTA of IFRS9 scheduled for 2028	416	416
20. Ires (corporate income tax) on adjustments due to FTA of IFRS9 scheduled for 2028	2,052	2,052
Total	**10,627**	**15,296**

10.2 Liabilities for deferred taxes: breakdown

Line items/values	Total at 31/12/2023	Total at 31/12/2022
1. Property, plant and equipment	0	106
2. Personnel costs	0	0
3. Former credit risk fund	0	0
4. Equity investments	16	13
5. Financial instruments (HTCL securities)	0	0
6. Goodwill	0	0
7. Other	14	31
Total	**30**	**149**

Notes:
The line item "Equity investments" shows tax liabilities referred to equity investments calculated at the IRES rate (27.50%) on 5.00% of overall capital gain (949 thousand euro).

The line "Financial instruments" shows tax liabilities related to financial instruments classified in the portfolios of financial assets measured at fair value with impact on total profits.

10.3 Variations to pre-paid taxes (as an offset to the income statement)

Line items	Total at 31/12/2023	Total at 31/12/2022
1. Initial value	**17,994**	**19,364**
2. Additions		
2.1 Pre-paid taxes recognised during the fiscal year		
a) related to previous fiscal years	0	0
b) due to changes in accounting criteria	0	0
c) write-backs of value	0	0
d) other	66	142
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0
3. Reductions		
3.1 Pre-paid taxes derecognised during the fiscal year		
a) reversals	4,797	1,307
b) write-downs for receivables written off as unrecoverable	0	0
c) changes to accounting criteria	0	0
d) other	0	0
3.2 Reductions in tax rates	0	0
3.3 Other reductions		
a) transformation into tax credits pursuant to Law. 214/2011	690	0
b) other	0	206
4. Final value	**12,572**	**17,994**

Notes:
The table summarises all pre-paid taxes which will be absorbed in subsequent fiscal years as offsets to the income statement.

10.3.1 Variations to pre-paid taxes pursuant to Law 214/2011 (as an offset to the income statement)

Line items	Total at 31/12/2023	Total at 31/12/2022
1. Initial value	**12,829**	**14,007**
2. Additions	**0**	**0**
3. Reductions	**4,669**	**1,178**
3.1 reversals	4,669	1,178
3.2 transformation into tax credit	0	0
a) deriving from operating losses	0	0
b) deriving from tax losses	0	0
3.3 other reductions	0	0
4. Final value	**8,160**	**12,829**

10.4 Variations to deferred taxes (as an offset to the income statement)

Line items	Total at 31/12/2023	Total at 31/12/2022
1. Initial value	**136**	**197**
2. Additions		
2.1 Deferred taxes recognised during the fiscal year		
a) related to previous fiscal years	0	0
b) due to changes in accounting criteria	0	0
c) other	14	136
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0
3. Reductions		
3.1 Deferred taxes derecognized during the fiscal year		
a) reversals	136	197
b) due to changes in accounting criteria	0	0
c) other	0	0
3.2 Reductions in tax rates	0	0
3.3 Other reductions	0	0
4. Final value	**14**	**136**

Notes:
The table summarises all deferred taxes that will be absorbed during subsequent fiscal years as offsets in the incomes statement.

10.5 Variations to pre-paid taxes (as an offset to shareholders' equity)

Line items	Total at 31/12/2023	Total at 31/12/2022
1. Initial value	**10,763**	**1,524**
2. Additions		
2.1 Pre-paid taxes recognised during the fiscal year		

Line items	Total at 31/12/2023	Total at 31/12/2022
a) related to previous fiscal years	0	0
b) due to changes in accounting criteria	0	0
c) other	72	9,400
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0
3. Reductions		
3.1 Pre-paid taxes derecognised during the fiscal year		
a) reversals	6,374	161
b) write-downs for receivables written off as unrecoverable	0	0
c) due to changes in accounting criteria	0	0
d) other	0	0
3.2 Reductions in tax rates	0	0
3.3 Other reductions	0	0
4. Final value	**4,461**	**10,763**

Notes:
The variations are due to pre-paid taxes recognised in movements of reserves of shareholders' equity relative to financial instruments classified in the portfolios of financial assets measured fair value with impact on total profits.

10.6 Variations to deferred taxes(as an offset to shareholders' equity)

Line items	Total at 31/12/2023	Total at 31/12/2022
1. Initial value	**13**	**28**
2. Additions		
2.1 Deferred taxes recognized during the fiscal year		
a) related to previous fiscal years	0	0
b) due to changes in accounting criteria	0	0
c) other	3	0
2.2 New taxes or increases of tax rates	0	0
2.3 Other additions	0	0
3. Reductions		
3.1 Deferred taxes derecognized during the fiscal year		
a) reversals	0	15
b) due to changes in accounting criteria	0	0
c) other	0	0
3.2 Reductions in tax rates	0	0
3.3 Other reductions	0	0
4. Final value	**16**	**13**

Probability test on deferred taxes

As regards the probability test on deferred taxes, please refer to the contents of Part B – Assets, of the Consolidated Explanatory Notes.

10.7 Other information - Assets due to current taxes – Breakdown

Line items	Total at 31/12/2023	Total at 31/12/2022
1. Advances paid to the tax authority	1,651	2,337
2. Tax receivables - principal	3,551	3,992
3. Tax receivables - interest	0	0
4. Other withholdings	160	127
Total	**5,363**	**6,456**

Notes:
Assets due current taxes recognised at 31 December 2022 are shown on a "closed" account basis in the balance sheet and on an "open" account basis in the table above.

10.7 Other information - Liabilities due to current taxes – Breakdown

Line items	Total at 31/12/2023	Total at 31/12/2022
1. Fund for IRES tax	2,185	2,675
2. Fund for IRAP tax	930	1,012
3. Fund for stamp duties	0	0
4. Tax fund – replacement tax L. 244/2007	0	0
5. Tax fund - other	0	0
Total	**3,115**	**3,687**

Notes:
Liabilities due current taxes recognised at 31 December 2022 are shown on a "closed" account basis in the balance sheet and on an "open" account basis in the table above.

Section 12 - Other assets - Line item 120

12.1 Other assets: breakdown

Line items	Total at 31/12/2023	Total at 31/12/2022
01. Other debtors	4,892	3,487
02. Entries in transit	5,506	0
03. Entries being processed	24,144	20,931
04. Various entries to be settled	290	219
05. Stipulated mortgage loans to be disbursed	0	1,250
06. Checks, bills returned unpaid and protested	37	10
07. Assets sold and not derecognised	0	0
08. Assets for expenses on third party goods	1,127	1,014
09. Expenses not yet invoiced	324	219
10. Costs to be allocated	0	242
11. Advance operations on securities	812	456
12. Various open entries	14,715	14,635
13. Accrued income and prepayments	3,092	1,569
14. Securities to be settled (sales)	21,533	0
15. Credits from tax bonuses	97,829	58,989
16. Various tax entries	0	0
17. Other assets	376	201
Total	**174,678**	**103,222**

LIABILITIES

Section 1 - Financial liabilities measured at amortised cost - Line item 10

1.1 Financial liabilities measured at amortised cost: breakdown by type of payable to banks

Type of transaction/assets	Total at 31/12/2023				Total at 31/12/2022				Var.	% Var.
	Book value	Fair value			Book value	Fair value				
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		
1. Payable to central banks	549,300	X	X	X	954,301	X	X	X	-405,001	-42.44%
2. Payable to banks										
2.1 Bank accounts and demand deposits	50,459	X	X	X	78,959	X	X	X	-28,499	-36.09%
2.2 Term deposits	0	X	X	X	15,018	X	X	X	-15,018	-100.00%
2.3 Loans	5,594	X	X	X	5,091	X	X	X	503	
2.3.1 Repurchase agreements – liabilities	0	X	X	X	0	X	X	X	0	
2.3.2 Other	5,594	X	X	X	5,091	X	X	X	503	
2.4 Liabilities for commitments to repurchase own shares	0	X	X	X	0	X	X	X	0	
2.5 Payable for leases	0	X	X	X	0	X	X	X	0	
2.6 Other payables	0	X	X	X	0	X	X	X		
Total	**605,354**	0	0	605,354	**1,053,369**	0	0	1,053,369	**-448,015**	**-42.53%**

Notes:

Payables to banks are all measured at cost or at amortised cost.

The line item "Payables to central banks" includes the TLTROII opened by the Bank during 2020 and 2021 – and still existing at the date of these financial statements - for overall € 549,300 thousand.

Specifically, the amount at 31/12/2023 is equal to the original deposits (€ 1,075 million) reduced by the deposits closed in 2022 and in 2023 for a nominal value of € 540 million, and of net interest expenses calculated at the rates applied on the various periods on the residual debt for € 14,300 thousand.

1.2 Financial liabilities measured at amortised cost: breakdown by type of payable to customers

Type of transaction/assets	Total at 31/12/2023				Total at 31/12/2022				Var.	% Var.
	Book value	Fair value			Book value	Fair value				
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		
1. Bank accounts and demand deposits	2,452,653	X	X	X	2,636,226	X	X	X	-183,573	-6.96%
2. Term deposits	858,612	X	X	X	540,004	X	X	X	318,607	59.00%
3. Loans	215,568	X	X	X	205,351	X	X	X	10,217	4.98%
3.1 Repurchase agreements – liabilities	215,568	X	X	X	205,351	X	X	X	10,217	4.98%
3.2. Other	0	X	X	X	0	X	X	X	0	-

Type of transaction/assets	Total at 31/12/2023				Total at 31/12/2022				Var.	% Var.
	Book value	Fair value			Book value	Fair value				
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3		
4. Liabilities for commitments to repurchase own shares	0	X	X	X	0	X	X	X	0	-
5. Payable for leases	12,429	X	X	X	13,854	X	X	X	-1,425	-10.29%
6. Other payables	101,557	X	X	X	144	X	X	X	101,412	70344.23%
Total	**3,640,819**	**0**	**0**	**3,640,819**	**3,395,580**	**0**	**0**	**3,395,580**	**245,239**	**7.22%**

Notes:

Payables to customers are measured at cost or at amortised cost.

Line item 5 "Liabilities for leases" includes liabilities for leases booked in accordance with the new IFRS16 accounting standard.

Line item 6 "Other payables" includes liabilities associated to assets sold and not derecognised relative to the securitisation transaction concluded in the month of September 2023.

1.3 Financial liabilities measured at amortised cost: breakdown by type of outstanding securities

Type of security/Values	Total at 31/12/2023				Total at 31/12/2022			
	Book value	Fair value			Book value	Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Titoli								
1. Bonds	172,406	0	0	172,406	158,494	0	0	158,494
1.1 structured	0	0	0	0	0	0	0	0
1.2 other	172,406	0	0	172,406	158,494	0	0	158,494
2. Other securities	15	0	0	15	79	0	0	79
2.1 structured	0	0	0	0	0	0	0	0
2.2 other	15	0	0	15	79	0	0	79
Total	**172,421**	**0**	**0**	**172,421**	**158,574**	**0**	**0**	**158,574**

Notes:

The table indicates deposits consisting of securities that also include, in addition to bonds, outstanding and matured certificates of deposit to be repaid.

All of the liabilities are measured at cost or at amortised cost, with the exception of entries that are the object of specific hedges of the interest rate risk on which the effect of the Swap was capitalized. Liabilities are indicated net of repurchased bonds.

1.4 Financial liabilities measured at amortised cost: detail of subordinate securities/liabilities

ISIN	Date of issue	Date of redemption	Value at issue	Amount booked in own funds
IT0005337719	28/06/2018	28/06/2025	30,000	8,954
IT0005371270	10/06/2019	10/06/2029	5,000	5,000
IT0005376287	20/06/2019	20/06/2029	1,000	1,000
IT0005385668	25/09/2019	25/09/2029	2,000	2,000
IT0005391518	05/12/2019	05/12/2029	1,000	1,000
IT0005396426	20/12/2019	20/12/2024	3,000	583
IT0005253148	01/06/2017	01/06/2024	4,700	394
IT0005487118	15/03/2022	15/03/2029	2,000	2,000
IT0005495574	16/05/2022	16/05/2030	3,000	3,000
IT0005498859	29/06/2022	29/06/2030	3,000	3,000
IT0005509135	30/09/2022	30/09/2030	2,000	2,000
IT0005510059	30/09/2022	30/09/2030	3,000	3,000
IT0005514960	20/10/2022	20/10/2030	3,000	3,000
IT0005516395	20/10/2022	20/10/2030	700	700
IT0005516403	20/10/2022	20/10/2030	400	400
IT0005523391	07/12/2022	07/12/2030	2,800	2,800
IT0005527772	29/12/2022	29/12/2030	2,200	2,200
IT0005527780	29/12/2022	29/12/2030	5,000	5,000
IT0005534190	01/03/2023	01/03/2031	800	800
IT0005554495	29/06/2023	29/06/2031	2,000	2,000
IT0005558751	10/08/2023	10/08/2031	800	800
IT0005560534	04/09/2023	04/09/2031	4,500	4,500
IT0005560591	04/09/2023	04/09/2031	2,000	2,000
IT0005561268	20/09/2023	20/09/2031	500	500
IT0005561854	26/09/2023	26/09/2031	8,000	8,000
Total			**92,400**	**64,631**

1.6 Financial liabilities measured at amortised cost: payable for leases

TIME BRACKETS	31/12/2023		31/12/2022	
	Payments to be made		Payments to be made	
	Financial leases	Operating leases	Financial leases	Operating leases
Up to 1 year	0	113	0	82

TIME BRACKETS	31/12/2023		31/12/2022	
	Payments to be made		Payments to be made	
	Financial leases	Operating leases	Financial leases	Operating leases
From over 1 year to 2 years	0	270	0	170
From over 2 years to 3 years	0	1,020	0	457
From over 3 years to 4 years	0	813	0	1,445
From over 4 years to 5 years	0	4,193	0	1,026
Over 5 years	0	5,948	0	10,612
Total payments due for leases	0	12,357	0	13,792
RECONCILIATION WITH LIABILITIES:				
Financial profits not accrued (-) (discount effect)	0	72	0	62
Payable for leases	**0**	**12,429**	**0**	**13,854**

Notes:
Please note that Table "1.6 Liabilities for leases" shows an analysis by time brackets of liabilities referred to leases, as required by the IFRS16 accounting standard and by Bank of Italy Circular n.262.

Section 2 - Financial liabilities from trading - Line item 20

2.1 Financial liabilities from trading: breakdown by type

Type of transaction/assets	Total at 31/12/2023					Total at 31/12/2022				
	Notional value	Fair value			Fair Value (*)	Notional value	Fair value			Fair Value (*)
		Level 1	Level 2	Level 3			Level 1	Level 2	Level 3	
A. Cash liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
1. Payable to banks	0	0	0	0	0	0	0	0	0	0
2. Payable to 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	0	0	0	0	0	0
3.1.2 Other bonds	0	0	0	0	0	0	0	0	0	0
3.2 Other securities	0	0	0	0	0	0	0	0	0	0
3.2.1 Structured	0	0	0	0	0	0	0	0	0	0
3.2.2 Other	0	0	0	0	0	0	0	0	0	0
Total A	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B. Derivative instruments	**0**	**0**	**0**	**442**	**0**	**0**	**0**	**0**	**98**	**0**
1. Financial derivatives	0	0	0	442	0	0	0	0	98	0
1.1 For trading	0	0	0	442	0	0	0	0	98	0
1.2 Connected to the fair value option	0	0	0	0	0	0	0	0	0	0
1.3 Other	0	0	0	0	0	0	0	0	0	0
2. Credit derivatives	0	0	0	0	0	0	0	0	0	0
2.1 For trading	0	0	0	0	0	0	0	0	0	0
2.2 Connected to the fair value option	0	0	0	0	0	0	0	0	0	0
2.3 Other	0	0	0	0	0	0	0	0	0	0
Total B	**0**	**0**	**0**	**442**	**0**	**0**	**0**	**0**	**98**	**0**
Total A + B	**0**	**0**	**0**	**442**	**0**	**0**	**0**	**0**	**98**	**0**

Key:
FV (*) - fair value measured excluding variations due to changes in issuer creditworthiness with respect to the date of issue.

Section 8 - Other liabilities - Line item 80

8.1 Other liabilities: breakdown

Line items	Total at 31/12/2023	Total at 31/12/2022
01. Various tax entries	7,621	6,722
02. Entries in transit	7,472	1,537
03. Differences receivable on offsets of third party portfolios	10,996	15,013
04. Suppliers	5,512	3,240
05. Entries being processed and other creditors	50,515	11,400
06. Accrued liabilities and deferred income	3,586	3,779
07. Borrower accounts for stipulated mortgage loans to be disbursed	0	1,250
08. Securities to be settled (purchases)	24,485	0
09. Difference of amortised cost on capital instruments	0	220
10.Other liability entries	376	874
Total	**110,563**	**44,035**

Section 9 - Employee severance pay - Line item 90

9.1 Employee severance pay: annual variations

Line items	Total at 31/12/2023	Total at 31/12/2022
A. Initial value	**3,183**	**3,672**
B. Additions		
B.1 Allocations during the fiscal year	1,324	1,267
B.2 Variations of value	239	54
C. Reductions		
C.1 Payments made	396	62
C.2 Variations of value	1,324	1,748
D. Final values	**3,026**	**3,183**

Notes:
Line item B.1 "Allocations during the fiscal year" includes severance pay matured during the fiscal year in the amount of 1,324 thousand euro.
Line item B.2 "Variations of value" includes the “Service Cost” for 43 thousand euro, ”interest cost” for € 101 thousand and Actuarial Gains/Losses for 95 thousand euro.
Line item C.1 "Payments made " includes "Benefit Paid" for IAS purposes, of severance pay for 396 thousand euro.
Line item C.2 "Variations of value" includes severance pay paid into the (external) employee Integrative Pension Fund or to the INPS Treasury for 1,324 thousand euro.

Other information

In accordance with the provisions of IAS 19, employee severance pay was measured by applying specific discounting estimations provided for the treatment of defined performance funds.

The measurement, certified by designated external experts, was made using the "accrued benefits" method, through the "Projected Unit Credit" (PUC) criterion, as required by IAS 19, and considering the following demographic and financial hypotheses:

- the annual discount rate used to calculate the current value of the security is 2.511% and was determined, in conformity to par. 83 of IAS 19, in reference to the structure for expiry of interest rates derived using the bootstrap method from the curve of swap rates as at 31.12.2023 and fixed with respect to liabilities with an average residual duration equal to 10 years;
- the annual rate of increase of severance pay, as provided for by art. 2120 of the Italian Civil Code, is equal to 75% of inflation plus 150 basis points;
- as regards the hypothesis relative to inflation, reference was made to the “Economics and Finance Document 2022 – Updating Note – Revised and Integrated Version” with the last update of 27 September 2023 that calls for an annual rate of 5.6% for 2023, of 2.3% for 2024, of 2% for 2025 and 2.1% for 2026. Due to this update, it has been decided to apply a flat annual rate of 2.1% starting from 2027;
- among demographic technical bases, the probabilities of death were deduced from those for the Italian population divided by gender and age measured by ISTAT in 2000 and reduced by 25%;
- the annual frequencies for advances and turnover were deduced based on the Bank’s historical experience.

The measurement of employee severance pay based on the abovementioned methods gave the following results:

Line items	Total at 31/12/2023	Total at 31/12/2022
Current value of securities in defined benefit plans at 31/12/2022	**3,183**	**3,672**
Total service costs 01/01/2023 - 31/12/2023	43	40
Costs for interest 01/01/2023 - 31/12/2023	101	14
Net periodic costs	144	54
Actuarial Profit (+)/Loss(-) 01/01/2023 - 31/12/2023	95	-481
Purchase of branches of business	0	0
Lending 01/01/2023 -31/12/2023	396	62
Current value of securities in defined benefit plans at 31/12/2023	**3,026**	**3,183**

Starting in 2013, with the application of the reviewed IAS 19 accounting standard, actuarial differences are booked directly to shareholders’ equity. The volume of employee severance pay based on national regulations, and that with respect to the Bank’s contract and legal obligations vis-à-vis employees amounts to € 2,920 million.

Section 10 - Risk and expense funds - Line item 100

10.1 Risk and expense funds: breakdown

Line items/values	Total at 31/12/2023	Total at 31/12/2022
1. Funds for credit risk related to commitments and issued financial guarantees	2,099	1,977
2. Fonds on other commitments and other issued guarantees	0	0
3. Company pension funds	0	0
4. Other risk and expense funds	5,241	6,230
4.1 lawsuits	5,122	6,131
4.2 personnel costs	0	0
4.3 other	119	99
Total	**7,340**	**8,207**

The fund for lawsuits includes the allocation relative to pending lawsuits made by Invest Banca and acquired with the merger.
Potential liabilities relative to lawsuits for which loss of the dispute is considered “possible” amount to overall 4,490 thousand euro.

10.2 Risk and expense funds: annual variations

Line items	Funds for other commitments and other issued guarantees	Pension funds	Other funds	Total at 31/12/2023
A. Initial value	**1,977**	**0**	**6,230**	**8,207**
B. Additions				
B.1 Allocations during the fiscal year	644	0	692	**1,336**
B.2 Variations due to the passing of time	0	0	0	**0**
B.3 Variations due to changes to the discount rate	0	0	0	**0**
B.4 Variations of value	0	0	0	**0**
C. Reductions				
C.1 Use during the fiscal year	522	0	1,681	**2,203**
C.2 Variations due to changes to the discount rate	0	0	0	**0**
C.3 Variations of value	0	0	0	**0**
D. Final values	**2,099**	**0**	**5,241**	**7,340**

10.3 Funds for credit risk relative to commitments and issued financial guarantees

Line items	Funds for credit risk relative to commitments and issued financial guarantees			
	First stage	Second stage	Third stage	Total at 31/12/2023
1. Commitments to disburse funds	0	0	0	0
2. Issued financial guarantees	265	38	1,796	2,099
Total	**265**	**38**	**1,796**	**2,099**

Section 12 – Company shareholder’s equity - Line items 110, 130, 140, 150, 160, 170, and 180

12.2 Share capital – Number of shares: annual variations

Line items/Types	Ordinary	Other
A. Outstanding shares at the start of the fiscal year	**232,800,000**	**0**
- entirely unrestricted	232,800,000	0
- with restrictions	0	0
A.1 Treasury shares (-)	0	0
A.2 Outstanding shares: initial value	**232,800,000**	**0**
B. Additions		
B.1 New issues		
- for payments:	21,739,130	0
- corporate merger operations	0	0
- conversion of bonds	0	0
- exercise of warrants	0	0
- other	21,739,130	0
- with no charge:	0	0
- to employees	0	0
- to directors	0	0
- other	0	0
B.2 Sale of treasury shares	0	0
B.3 Variations of value	0	0
C. Reductions		
C.1 Derecognition	0	0
C.2 Purchase of treasury shares	0	0
C.3 Sale of companies	0	0
C.4 Variations of value	0	0
D. Outstanding shares: final values	**254,539,130**	**0**
D.1 Treasury shares (+)	0	0
D.2 Outstanding shares at the end of the fiscal year	254,539,130	0
- entirely unrestricted	254,539,130	0
- with restrictions	0	0

12.3 Share capital: other information - annual variations

Line items	Amounts	Number of shares	Number of shareholders
A. Initial value	**232,800**	**232,800,000**	**272**
B. Additions			
B.1 Purchase of shares – New shareholders	20,000	21,739,130	8
B.2 From variations of value	0	0	0

Line items	Amounts	Number of shares	Number of shareholders
C. Reductions			
C.1 Sales- extinct shareholders	0	0	7
C.2 from variations of value	0	0	0
D. Final values	**252,800**	**254,539,130**	**273**

12.4 Reserves from gains: other information - breakdown of company shareholder's equity

Line items	Total at 31/12/2023	Total at 31/12/2022
1. Share capital	252,800	232,800
2. Premiums on issue of shares	803	803
3. Reserves	-38,591	-53,655
3.1 Ordinary/extraordinary reserve	43,940	27,378
3.2 Regulatory reserve	0	0
3.3 Reserves - First Time Adoption IAS/IFRS	-78,146	-78,146
3.4 Reserves - Way Out	3,425	3,425
3.5 Reserve for sale/redemption of HTCL securities OCI option	-4,268	-4,268
3.6 Reserve for payment coupons on capital instruments	-3,543	-2,045
4. (Treasury shares)	0	0
5. Valuation reserves	-7,783	-20,516
5.1 Financial assets for trading	0	0
5.2 Financial assets measured at fair value with impact on total profits	-8,182	-20,765
5.3 Financial assets measured at amortised cost	0	0
5.4 Property, plants and equipment	0	0
5.5 Intangible assets	0	0
5.6 Hedging of foreign investments	0	0
5.7 Hedging of cash flows	0	0
5.8 Exchange rate differences	0	0
5.9 Non-current assets in the course of divestment	0	0
5.10 Actuarial profit (loss) on defined benefit plans	-756	-687
5.11 Share of valuation reserves of equity investments measured on the basis of shareholders' equity	1,155	936
5.12 Special revaluation laws	0	0
6. Capital instruments	40,000	30,000
7. Profit (loss) for the fiscal period	22,075	17,762
Total	**269,304**	**207,194**

Line item 3.3 Reserves - First Time adoption IAS/IFRS includes the FTA adjustment deriving from the application of the IFRS9 international accounting principle that came into effect on 01/01/2018. The detail of the line item is illustrated at the foot of the Table regarding variations to shareholders' equity.

12.4 Reserves from gains: other information – breakdown and use of fiscal year profits

Line items	Amount	Accounting classification of capital
- Legal reserve (5.00% of profits)	1,104	Increase of Liabilities line item 160 (Cet1)
- Extraordinary reserve (including the reserve pursuant to art. 6 L.D. 368/2005 for € 0.00)	7,368	Increase of Liabilities line item 160 (Cet1)
- Reserve for tax suspension L.D. 104 of 10/08/2023	11,948	Increase of Liabilities line item 160 (Cet1)
- shareholders for dividends	1,655	
Total	**22,075**	

12.5 Capital instruments: breakdown and annual variations

ISIN	Date of issue	Date of redemption	Value at issue	Amount booked in own funds
IT0005427023	23/11/2020	31/12/2099	1,500	1,500
IT0005429375	15/12/2020	15/12/2099	3,500	3,500
IT0005429755	21/12/2020	21/12/2099	1,000	1,000
IT0005431777	21/12/2020	21/12/2099	500	500
IT0005432130	28/12/2020	28/12/2099	3,500	3,500
IT0005439846	30/03/2021	30/03/2099	5,000	5,000
IT0005454076	11/08/2021	11/08/2099	5,000	5,000
IT0005475055	28/12/2021	28/12/2099	7,000	7,000
IT0005489601	30/03/2022	30/03/2099	3,000	3,000
IT0005566648	10/10/2023	10/10/2099	10,000	10,000
Total			**40,000**	**40,000**

Notes: Line item "130. Capital instruments" includes Additional Tier1 capital instruments issued during the previous fiscal years, for a total of € 30,000 thousand, and the new instruments issued during this fiscal year, for an overall nominal value of 10,000 thousand euro. These instruments were classified in additional Tier 1 capital ("Additional Tier 1"), pursuant to Regulation n. 575 of 2013 (CRR). For further information regarding the accounting treatment of the instruments in question, please consult the details provided in "Part A – Accounting Policies" of these Explanatory Notes.

12.6 Other information – Schedule regarding the origin, level of availability, and potential distribution of shareholders' equity line items (art. 2427, comma 1 n. 7 bis, Italian Civil Code)

In accordance with article 2427, sub-section 7-bis of the Italian Civil Code, the table below shows the breakdown of shareholders' equity according to origin, level of availability and potential distribution of the various entries:

Line items	Amount	Levels of availability	Available share	Summary of uses made in the last three fiscal years	
				To hedge losses	For other purposes
Share capital	252,800	B - C	252,800		0
Share premium reserve	803	B - C	803		0
Valuation reserves:					
- HTCL securities reserve	-8,182	B	-8,182		
- actuarial reserve	-756	B	-756		
- reserve from equity investments	1,155	B	1,155		
Reserves from gains:					
- undividable legal/regulatory reserve	39,555	B	39,555	0	0
- reserve from transition to international accounting standards	-78,146	B	-78,146		
Total	**207,230**		**207,230**		
Non-distributable share			0		
Residual distributable share			207,230		

Key: A = for capital increase - B = to hedge losses - C = for distribution to shareholders

Other information

1. Commitments and issued financial guarantees (other than those measured at fair value)

	Nominal value on commitments and issued financial guarantees				Total at 31/12/2023	Total at 31/12/2022
	First stage	Second stage	Third stage	Impaired purchased and/or originated		
1) Commitments to disburse funds	**791,329**	**72,261**	**13,241**	**0**	**876,831**	**979,265**
a) Central banks	0	0	0	0	0	0
b) Public administrations	974	0	0	0	974	1,089
c) Banks	2,500	0	0	0	2,500	2,500
d) Other financial companies	77,753	0	0	0	77,753	72,443
e) Non finance companies	636,040	67,806	12,746	0	716,592	819,330
f) Families	74,062	4,455	495	0	79,012	83,903
2) Issued financial guarantees	**77,769**	**0**	**5,385**	**0**	**83,153**	**96,022**
a) Central banks	0	0	0	0	0	0
b) Public administrations	3	0	0	0	3	3
c) Banks	0	0	0	0	0	0
d) Other financial companies	7,130	0	0	0	7,130	7,213
e) Non finance companies	58,794	0	4,933	0	63,727	76,867
f) Families	11,843	0	451	0	12,294	11,939
Total	**869,097**	**72,261**	**18,626**	**0**	**959,984**	**1,075,287**

2. Other commitments and other issued guarantees

Portfolios	Nominal value	
	Amount at 31/12/2023	Amount at 31/12/2022
1. Other issued guarantees	**15,119**	**14,876**
of which: impaired	0	330
a) Central banks	0	0
b) Public administrations	0	0
c) Banks	10,647	9,885
d) Other financial companies	0	0
e) Non finance companies	4,472	4,991
f) Families	0	0
2. Other commitments	**0**	**1,211,455**
of which: impaired	0	0
a) Central banks	0	0
b) Public administrations	0	0
c) Banks	0	0
d) Other financial companies	0	1,208,314
e) Non finance companies	0	0
f) Families	0	3,141

3. Assets pledged as collateral for own liabilities and commitments

Portfolios	Amount at 31/12/2023	Amount at 31/12/2022
1. Financial assets measured at fair value with impact on profit and loss account	0	18,511
2. Financial assets measured at fair value with impact on total profits	154,775	205,819
3. Financial assets measured at amortised cost	641,203	1,048,223
4. Property, plants and equipment	0	0
of which property, plants and equipment that constitute inventories	0	0

4. Management and trading on behalf of others

Type of service	Amount
1. Execution of trading on behalf of customers	**8,409,282**
a) Purchases	3,851,294
Settled	3,792,865
Not settled	58,429
b) Sales	4,557,988
Settled	4,498,534
Not settled	59,454
2. Asset management	**88,016**
3. Custody and management of securities	**4,612,766**
a) third party securities in deposit: related to bank performances as depository bank (excluding asset management)	0
1. securities issued by the bank that prepares the balance sheet	0
2. other securities	0
b) third party securities in deposit (excluding asset management): other	1,619,600
1. securities issued by the bank that prepares the balance sheet	418,382
2. other securities	1,201,217
c) third party securities deposited with third parties	1,641,275
d) treasury securities deposited with third parties	1,351,891
4. Other transactions	**0**

PART C – Information on the income statement

Section 1 – Interest - Line items 10 and 20

1.1 Earned interest and similar income: breakdown

Line items/Technical forms	Debt securities	Loans	Other transactions	Total at 31/12/2023	Total at 31/12/2022	Var.	% Var.
1. Financial assets measured at fair value with impact on profit and loss account:	**1,264**	**0**	**0**	**1,264**	**398**	**866**	217.54%
1.1 Financial assets held for trading	1,070	0	0	1,070	197	873	444.34%
1.2 Financial assets measured at fair value	0	0	0	0	0	0	0.00%
1.3 Other financial assets obligatorily measured at fair value	194	0	0	194	201	-8	-3.73%
2. Financial assets measured at fair value with impact on total profits	**3,581**	**0**	**X**	**3,581**	**861**	2,720	315.97%
3. Financial assets measured at amortised cost:	**1,546**	**149,807**	**X**	**151,353**	**81,142**	**70,211**	**86.53%**
3.1 Receivables from banks	0	9,890	X	9,890	999	8,890	889.63%
3.2 Receivables from customers	1,546	139,917	X	141,464	80,143	61,321	76.51%
4. Hedges	X	X	0	0	0	0	0.00%
5. Other assets	X	X	3,617	3,617	1	3,615	242776.74%
6. Financial liabilities	X	X	X	0	5,012	-5,012	-100.00%
Total	**6,391**	**149,807**	**3,617**	**159,815**	**87,414**	**72,401**	**82.82%**
of which: earned interest on impaired financial assets	**0**	**7,585**	**0**	**7,585**	**5,153**	**2,432**	**47.20%**
of which: earned interest on financial leases	**0**	**1,309**	**0**	**1,309**	**768**	**541,27**	**70.48%**

Notes:

The line item "earned interest on impaired financial assets" includes both interest on non-performing loans, for € 2,463 thousand, and interest on other impaired positions for € 5,122 thousand. Interest on non-performing loans includes interest collected in the amount of € 303 thousand, and interest due to the passing of time, booked in this line item in application of the IFRS9 accounting principle, for € 2,160 thousand. The increase of this component as compared to the previous year is due to both the increase of impaired financial assets, and the increase of interest rates.

1.2 Earned interest and similar income: other information

1.2.1 Earned interest on financial assets in foreign currency

Line items/values	Total at 31/12/2023	Total at 31/12/2022
Earned interest on financial assets in foreign currency	1,453	578

1.3 Interest expenses and similar expenses: breakdown

Line items/Technical forms	Liabilities	Securities	Other transactions	Total at 31/12/2023	Total at 31/12/2022	Var.	% Var.
1. Financial liabilities measured at amortised cost	-66,169	-6,981	0	-73,150	-11,131	-62,019	557.15%
1.1 Payable to central banks	-24,595	X	X	-24,595	0	-24,595	0.71%
1.2 Payable to banks	-680	X	X	-680	-676	-5	619.60%
1.3 Payable to customers	-40,894	X	X	-40,894	-5,683	-35,211	46.26%
1.4 Outstanding securities	X	-6,981	X	-6,981	-4,773	-2,208	-
2. Financial liabilities from trading	0	0	0	0	0	0	-
3. Financial liabilities measured at fair value	0	0	0	0	0	0	732.65%
4. Other liabilities and funds	X	X	-1,641	-1,641	-197	-1,444	-100.00%
5. Hedges	X	X	0	0	-87	**87**	0.00%
6. Financial assets	X	X	X	0	-260	**0**	540.58%
Total	**-66,169**	**-6,981**	**-1,641**	**-74,791**	**-11,675**	**-63,116**	**14.45%**
of which: interest expenses for liabilities for leases	**0**	**0**	**-226**	**-226**	**-197**	**-28**	**14.45%**

Notes:

The line item "Interest expenses on other liabilities" includes interest expenses accrued on the Senior note issued in the securitisation transaction for € 1,413 thousand.

1.4 Interest expenses and similar expenses: other information

1.4.1 Interest expenses on liabilities in foreign currency

Line items/values	Total at 31/12/2023	Total at 31/12/2022
Interest expenses financial liabilities in foreign currency	-942	-745

1.5 Interest expenses and similar expenses: differences related to hedges

Line items	Total at 31/12/2023	Total at 31/12/2022
A. Positive differences related to hedges:	0	0
B. Negative differences related to hedges:	0	87
C. Balance (A-B)	**0**	**-87**

Section 2 – Commissions - Line items 40 and 50

2.1 Commission income: breakdown

Type of service/Values	Total at 31/12/2023	Total at 31/12/2022	Var.	% Var.
a) Financial instruments	**4,808**	**4,827**	-19	-0.40%
1. Trading of financial instruments	**1,407**	**943**	464	49.17%
1.1 With underwriting and/or on the basis of an irrevocable commitment	0	0	0	
1.2 Without an irrevocable commitment	1,407	943	464	49.17%
2. Receipt and transmission of orders and execution of orders on behalf of customers	**2,354**	**3,021**	-667	-22.09%
2.1 Receipt and transmission of orders on one or more financial instruments	270	259	11	4.16%
2.2 Execution of orders on behalf of customers	2,084	2,762	-678	-24.55%
3. Other commissions connected to activities related to financial instruments	**1,047**	**863**	184	21.37%
of which: own trading	40	0	40	-
of which: individual asset management	1,007	863	145	16.76%
b) Corporate Finance	**0**	**0**	0	-
1. Consultancy regarding mergers and acquisitions	0	0	0	-
2. Treasury services	0	0	0	-
3. Other commissions connected to corporate finance services	0	0	0	-
c) Investment consultancy services	**11**	**9**	1	13.35%
d) Compensation and settlements	0	0	0	-
e) Custody and management of securities	**238**	**206**	32	15.51%
1. Depository bank	0	0	0	-
2. Other commissions connected to custody and management of securities	238	206	32	15.51%
f) Central administrative services for collective asset management	0	0	0	-
g) Fiduciary services	0	0	0	-
h) Payment services	**21,111**	**20,685**	426	2.06%
1. Bank accounts	16,436	15,504	931	6.01%
2. Credit cards	487	1,165	-678	-58.19%
3. Debit cards and other payment cards	2,197	2,162	35	1.61%
4. Bank transfers and other payment orders	1,951	1,813	138	7.59%
5. Other commissions connected to payment services	40	40	0	-0.10%
i) Distribution of third party services	**4,898**	**5,559**	-661	-11.89%
1. Collective asset management	0	0	0	-
2 Insurance products	3,814	3,669	145	3.94%
3 Insurance products	1,084	1,890	-805	-42.62%
of which: individual asset management	0	0	0	-
j) Structured finance transactions	0	0	0	-
k) Servicing for securitisation transactions	220	172	48	28.26%
l) Commitments to disburse funds	0	0	0	-
m) Issued financial guarantees	560	664	-104	-15.63%
of which: credit derivatives	0	0	0	-
n) Funding transactions	1,199	1,103	96	8.66%
of which: factoring transactions	0	0	0	-
o) Trading in foreign currencies	1,023	993	30	3.04%
p) Goods	0	0	0	-
q) Other commission income	2,894	2,844	50	1.77%
of which: for asset management of multilateral exchange systems	0	0	0	-
of which: for asset management of organised trading systems	0	0	0	-
Total	**36,962**	**37,062**	**-100**	**-0.27%**

2.2 Commission income: distribution channels for products and services

Channels/Values	Total at 31/12/2023	Total at 31/12/2022
a) own branch tellers:	**7,287**	**7,323**
1. asset management	983	821
2. trading of financial instruments	1,407	943
3. third party services and products	4,898	5,559
b) off-site offers:	**724**	**532**
1. asset management	25	42
2. trading of financial instruments	699	490
3. third party services and products	0	0

Channels/Values	Total at 31/12/2023	Total at 31/12/2022
c) other distribution channels	**0**	**0**
1. asset management	0	0
2. trading of financial instruments	0	0
3. third party services and products	0	0

2.3 Commission expenses: breakdown

Services/Values	Total at 31/12/2023	Total at 31/12/2022	Var.	% Var.
a) Financial instruments	**-916**	**-337**	**-580**	**172.14%**
of which: trading of financial instruments	-240	-110	-130	117.53%
of which: placement of financial instruments	-41	-18	-22	120.18%
of which: individual asset management	-635	-208	-428	205.76%
- own	-635	-208	-428	205.76%
- delegated by third parties	0	0	0	-
b) Compensation and settlements	**-1,037**	**-1,058**	**21**	**-1.97%**
c) Custody and management of securities	**-135**	**-101**	**-33**	**33.03%**
d) Collection and payment services	**-2,093**	**-1,841**	**-252**	**13.68%**
of which: credit cards, debit cards and other payment cards	-1,627	-1,406	-220	15.65%
e) Servicing per securitisation transactions	**0**	**0**	**0**	**-**
f) Commitments to receive funds	**0**	**0**	**0**	**-**
g) Received financial guarantees	**-1,132**	**-846**	**-286**	**33.86%**
of which: credit derivatives	0	0	0	-
h) Off-site offer of financial instruments, products and services	**-237**	**-157**	**-80**	**51.08%**
i) Trading in foreign currency	**-325**	**-349**	**24**	**-6.86%**
j) Other commission expenses	**-191**	**-99**	**-91**	**91.92%**
Total	**-6,066**	**-4,788**	**-1,278**	**26.69%**

The increase registered for the line item for this period, equal to € 1,278 thousand (26.29%) can be attributed to the increase of commissions connected with equity management by third parties for € 428 thousand, the increase of commissions on collection and payment services for € 252 thousand, and the increase of costs associated to the acquisition of guarantees on loans granted to customers for € 286 thousand.

Section 3 - Dividends and similar income - Line item 70

3.1 Dividends and similar income: breakdown

Line items/Income	Total at 31/12/2023		Total at 31/12/2022	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	0	0	19	0
B. Other financial assets obligatorily measured at fair value	28	0	24	0
C. Financial assets measured at fair value with impact total profits	560	0	560	0
D. Equity investments	0	0	0	0
Total	**588**	**0**	**603**	**0**

Section 4 - Net trading result - Line item 80

4.1 Net trading result: breakdown

Transactions/Income components	Gains (A)	Trading profit (B)	Losses (C)	Trading losses (D)	Net income [(A+B) - (C+D)]
1. Financial assets for trading	**3,321**	**9,319**	**757**	**1,773**	**10,110**
1.1 Debt securities	3,304	3,190	757	1,773	3,964
1.2 Capital securities	17	13	0	0	29
1.3 Shares in mutual funds	0	0	0	0	0
1.4 Loans	0	0	0	0	0
1.5 Other	0	6,117	0	0	6,117
2. Financial liabilities from trading	**0**	**0**	**0**	**0**	**0**
2.1 Debt securities	0	0	0	0	0
2.2 Liabilities	0	0	0	0	0
2.3 Other	0	0	0	0	0
3. Financial assets and liabilities: exchange rate differences	**0**	**0**	**0**	**0**	**0**
4. Derivative instruments	**0**	**116**	**0**	**0**	**116**
4.1 Financial derivatives	0	116	0	0	116
- On debt securities and interest rates	0	116	0	0	116
- On capital securities and equity indexes	0	0	0	0	0
- On currencies and gold	0	0	0	0	0
- Other	0	0	0	0	0
4.2 Credit derivatives	0	0	0	0	0
of which: natural hedges connected to the fair value option	X	X	X	X	0,00
Total	**3,321**	**9,435**	**757**	**1,773**	**10,226**

Notes:
The table shows the economic result from the portfolio of financial assets held for trading. Specifically, sub-line item 1.5 "Other" includes income from the transfer of tax bonus receivables from customers for € 4.095 thousand and income from trading in foreign currency for € 2,022 thousand.

Section 5 - Net hedging result - Line item 90

5.1 Net hedging result: breakdown

Income components/Values	Total at 31/12/2023	Total at 31/12/2022
A. Income related to:		
A.1 Hedges of fair value	0	0
A.2 Hedged financial assets (fair value)	0	0
A.3 Hedged financial liabilities (fair value)	0	0
A.4 Financial derivatives for hedging of cash flows	0	0
A.5 Assets and liabilities in foreign currency	0	0
Total income of assets used for hedging (A)	**0**	**0**
B. Expenses related to:		
B.1 Hedges of fair value	0	-2
B.2 Hedged financial assets (fair value)	0	0
B.3 Hedged financial liabilities (fair value)	0	0
B.4 Financial derivatives for hedging of cash flows	0	0
B.5 Assets and liabilities in foreign currency	0	0
Total expenses of assets used for hedging (B)	**0**	**-2**
C. Net hedging result (A-B)	**0**	**-2**
of which: income from hedges on net positions	0	0

Notes:
The table shows the net income from hedges. Therefore, the table details the gross income components recognised in the income statement, that derive from the measurement of the difference between liabilities that are hedged and the relative hedging contract.

Section 6 - Gains (losses) from disposals/repurchases - Line item 100

6.1 Gains (losses) from disposals/repurchases: breakdown

Line items/Income components	Total at 31/12/2023			Total at 31/12/2022		
	Gains	Losses	Net income	Gains	Losses	Net income
A. Financial assets						
1. Financial assets measured at amortised cost	1,542	5,514	-3,972	822	399	423
1.1 Receivables from banks	0	0	0	0	0	0
1.2 Receivables from customers	1,542	5,514	-3,972	822	399	423
2. Financial assets measured at fair value with impact on total profit	666	0	666	0	225	-225
2.1 Debt securities	666	0	666	0	225	-225
2.2 Loans	0	0	0	0	0	0
Total assets	**2,207**	**5,514**	**-3,307**	**822**	**623**	**198**
B. Financial liabilities measured at amortised cost						
1. Payable to banks	0	0	0	0	0	0
2. Payable to customers	0	0	0	0	0	0
3. Outstanding securities	157	0	157	64	0	64
Total liabilities	**157**	**0**	**157**	**64**	**0**	**64**

Notes:
The table shows the economic result deriving from the divestment of financial assets other than those held for trading. Gains in the amount of € 2,207 thousand derive from the disposal of financial assets measured at amortised cost during 2023, for € 1,542 thousand, and the disposal of financial assets measured at fair value with impact on total profit, for € 666 thousand. Losses in the amount of € 5,514 thousand derive from the disposal of NPL receivables, for a total gross value of € 37 million, during the course of 2023.

Section 7 – Net income from other financial assets and liabilities measured at fair value wit recognition of income through profit and loss – Line item 110

7.2 Net value variations of other financial assets and liabilities measured at fair value with recognition of income through profit and loss: breakdown of other financial assets and liabilities obligatorily measured at fair value

Transactions/Income components	Gains (A)	Gains from disposal (B)	Losses (C)	Losses from disposal (D)	Net income [(A+B) - (C+D)]
1. Financial assets	**306**	**0**	**1,716**	**0**	**-1,410**
1.1 Debt securities	166	0	0	0	166
1.2 Capital securities	0	0	0	0	0
1.3 Shares in mutual funds	0	0	1,588	0	-1,588
1.4 Loans	140	0	128	0	12
2. Financial assets and liabilities in foreign currency: exchange rate differences	**X**	**X**	**X**	**X**	0
Total	**306**	**0**	**1,716**	**0**	**-1,410**

Section 8 – Net adjustments /write-backs due to impairment - Line item 130

8.1 Net adjustments due to impairment relative to financial assets measured at amortised cost: breakdown

Transactions/Income components	Value adjustments (1)						Write-backs (2)				Total at 31/12/2023	Total at 31/12/2022
	First stage	Second stage	Third stage		Impaired Purchased or originated		First stage	Second stage	Third stage	Impaired Purchased or originated		
			Write-off	Other	Write-off	Other						
A. Receivables from banks												
- Loans	0	-26	-	0	0	0	0	66	0	0	40	1
- Debt securities	-	-	-	0	0	0	0	97	0	0	97	0
B. Receivables from customers			-	0	0	0	0	0	0	0	0	0
- Loans	-2,588	-2,906	-	-43,633	0	0	805	7,396	22,463	0	-18,463	-20,790
- Debt securities	-14	0	-	0	0	0	35	0	0	0	21	-156
Total	**-2,602**	**-2,932**	-	**-43,633**	**0**	**0**	**841**	**7,559**	**22,463**	**0**	**-18,305**	**-20,945**

Notes:
The table summarises value adjustments and write-backs recognised due to the impairment of receivables from customers.

Additional detail of value adjustments/write-backs on receivables- Line item 130 of the income statement

Description of the portfolio	2023 amount	2022 amount
RECEIVABLES FROM BANKS:		
HTC securities - stage 1	0	0
HTC securities - stage 2: adjustments	0	-24
HTC securities - stage 2: write-backs	97	24
Adjustments on other receivables - stage 1	0	-33
Write-backs on other receivables - stage 1	0	45
Adjustments on other receivables - stage 2	-26	-11
Write-backs on other receivables - stage 2	66	0
RECEIVABLES FROM CUSTOMERS:		
Non-performing loans - Value adjustments	-36,343	-28,427
Non-performing loans - Write-backs	18,685	15,688
Probable defaults - Write-backs	3,078	6,636
Probable defaults - Value adjustments	-6,179	-18,969
Restructured – Net value adjustments / Write-backs	0	0
Past-due - Write-	700	522
Past-due - Value adjustments	-1,111	-2,595
Value adjustments - Bonis - Stage 2	-2,857	-6,312
Write-backs – in bonis - Stage 2	7,396	11,573
Value adjustments – in bonis - Stage 1	-2,588	-3,338
Write-backs – in bonis - Stage 1	805	4,556
Losses without use of fund - Stage 1/2	-49	-124
Losses on other transactions - Stage 1/2	0	0
HTC securities - stage 1: value adjustments	-14	-156
HTC securities - stage 1: write-backs	35	0
HTC securities - stage 2	0	0
Total – Net value adjustments /write-backs	**-18,305**	**-20,945**

8.2 Net adjustments due to impairment relative to financial assets measured at fair value with impact on total profits: breakdown

Transactions/Income components	Value adjustments (1)						Write-backs (2)				Total at 31/12/2023	Total at 31/12/2022
	First stage	Second stage	Third stage		Impaired purchased or originated		First stage	Second stage	Third stage	Impaired Purchased or originated		
			Write-off	Other	Write-off	Other						
A. Debt securities	**0**	**0**	**0**	**0**	**0**	**0**	**208**	**17**	**0**	**0**	**225**	**-362**
B. Loans												
- To customers	0	0	0	0	0	0	0	0	0	0	0	0
- To banks	0	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**208**	**17**	**0**	**0**	**225**	**-362**

Notes:
The table summarizes the value adjustments and write-backs recognised due to the impairment of financial assets measured at fair value with impact on total profits.

Section 9 - Profit (Loss) from contract modifications without derecognition - Line item 140

9.1 Profit (Loss) from contract modifications: breakdown

Line items/Income components	31/12/2023			31/12/2022		
	Profit	Loss	Net income	Profit	Loss	Net income
A. Financial assets						
1.1 Receivables from customers	616	-479	137	419	-199	219
Total	**616**	**-479**	**137**	**419**	**-199**	**219**

Notes:

The table shows the net income deriving from contract modifications on financial instruments that do not require derecognition from the balance sheet of the assets, but only a different accounting method (modification accounting) that entails recognition in the income statement of the difference between the booking value and the current value of the modified cash flow, discounted at the original interest rate.

Section 10 - Administrative costs - Line item 160

10.1 Personnel costs: breakdown

Type of expense/values	Total at 31/12/2023	Total at 31/12/2022
1) Employees	-32,594	-30,866
a) salaries and wages	-22,440	-21,044
b) social security expenses	-6,052	-5,785
c) severance pay	0	0
d) pension costs	0	0
e) allocation to employee severance pay	-1,551	-1,362
f) allocation to pension funds and similar commitments:	0	0
- defined contribution plans	0	0
- defined benefit plans	0	0
g) payments to external complementary pension funds	-958	-878
- defined contribution plans	-958	-878
- defined benefit plans	0	0
h) costs deriving from payment agreements based on own equity instruments	0	0
i) other employee benefits	-1,593	-1,797
2) Other personnel in force	-17	-23
3) Directors and Statutory auditors	-805	-780
4) Retired personnel	0	0
5) Recovery of expenses for personnel temporarily transferred to other companies	0	0
6) reimbursement of expenses for third party personnel temporarily transferred to the company	0	0
Total	**-33,415**	**-31,669**

Notes:

The increase registered for the line item in the period, equal to € 1,746 thousand (5.51%) is due to expenses connected with the renewal of the National Labour Contract.

10.2 Average number of employees by category

Description	Values at 31/12/2023	Values at 31/12/2022
Employees	**413**	**414**
a) Managers	4	4
b) Middle management	111	109
c) Remaining employees	298	301
Other personnel	**2**	**2**
Total	**415**	**416**

Precise number of employees by category

Description	Values at 31/12/2023	Values at 31/12/2022
Employees	**419**	**423**
a) Managers	4	4
b) Middle management	111	109
c) Remaining employees	304	310
Other personnel	**5**	**1**
Total	**424**	**424**

10.4 Personnel costs: other employee benefits

Type of expense/values	Total at 31/12/2023	Total at 31/12/2022
1) Employee meal vouchers	-489	-601
2) Employee loyalty bonus	0	0
3) Other employee expenses	-1,103	-1,196
Total	**-1,593**	**-1,797**

10.5 Other administrative costs: breakdown

Line items/values	Total at 31/12/2023	Total at 31/12/2022	Var.	% Var.
1. Insurance and security	-867	-661	-207	31.27%
2. Advertising and entertainment	-1,529	-1,193	-336	28.15%
3. Rent for real property	-330	-249	-81	32.52%
4. Maintenance, repairs, transformation of real and personal property	-1,130	-1,145	15	-1.29%
5. Electricity, heating and cleaning services	-1,750	-1,212	-538	44.36%
6. Telex, telephone and postage	-1,102	-1,009	-93	9.17%
7. Costs for data processing	-5,167	-5,054	-113	2.24%
8. Stamped paper and stationery	-298	-334	36	-10.75%
9. Fees to outside professionals	-5,121	-5,296	175	-3.30%
10. Costs for credit recovery	0	0	0	0.00%
11. Technical assistance and maintenance of software products	-9,929	-8,164	-1,764	21.61%
12. Information and registry searches	-1,745	-1,632	-113	6.91%
13. Charitable contributions allocated to the income statement	-8	-30	22	-73.33%
14. Expenses for treasury assets	-2	-1	-1	100.00%
15. Travel and transportation expenses	-619	-400	-219	54.81%
16. Indirect taxes	-6,435	-5,480	-955	17.42%
17. Other costs	-5,950	-6,369	419	-6.58%
- Contribution in favour of the Resolution Fund – Ordinary	-1,944	-1,967	23	-1.17%
- Contribution in favour of the Resolution Fund – Extraordinary	0	0	0	0.00%
- Contribution to the Interbank Deposit Guaranty Fund	-4,006	-4,402	396	-8.99%
18. Other expenses	-1,989	-1,946	-43	2.21%
Total	**-43,971**	**-40,175**	**-3,796**	**9.45%**

Notes:

The line item has registered an increase of € 3,796 thousand (9.45%) for the period.

The variation is due, for the negative portion, to an increase in expenses for stamp duties (+ 820 thousand euro), largely offset by the increase of recoveries from customers allocated to other operating income, to the increase in IT expenses connected to new projects and regulatory compliance, and to the increase in electrical energy costs. The line item in question also decreased, for the period, due to the decrease in contributions to the Bank Crisis Resolution Fund and the Interbank Deposit Guaranty Fund.

Section 11 - Net allocations to risk and expense funds - Line item 170

11.1 Net allocations for credit risk relative a commitments to disburse funds and issued financial guarantees: breakdown

Transactions/Income components	Value adjustments (1)			Write-backs (2)		Total at 31/12/2023	Total at 31/12/2022
	First and second stage	Third stage		First and second stage	Third stage		
		Write-off	Other				
A. Commitments to disburse funds	0	0	0	0	0	0	0
B. Issued financial guarantees	-115	0	-530	339	183	-122	-95
Total	**-115**	**0**	**-530**	**339**	**183**	**-122**	**-95**

11.3 Net allocations to risk and expense funds: breakdown

Line items/values	Total at 31/12/2023	Total at 31/12/2022
1. Allocations for pending litigation	-692	-3,272
2. Other allocations	0	0
3. Write-backs on allocations for pending litigation	1,869	3,152
Total	**1,178**	**-119**

Section 12 - Net adjustments/write-backs to property, plants and equipment - Line item 180

12.1 Net adjustments to property, plants and equipment: breakdown

Assets/Income component	Amortisation (a)	Value adjustments due to impairment (b)	Write-backs of value (c)	Net result (a+b-c)
A. Property, plants and equipment				
1. With a functional use	-5,251	0	0	**-5,251**
- Owned	-2,892	0	0	**-2,892**
- Rights of use acquired through leases	-2,359	0	0	**-2,359**
2. Held as investments	0	0	0	**0**
- Owned	0	0	0	**0**
- Rights of use acquired through leases	0	0	0	**0**
3. Inventories	X	0	0	**0**
Total	**-5,251**	**0**	**0**	**-5,251**

Section 13 - Net adjustments/write-backs to intangible assets - Line item 190

13.1 Net adjustments to intangible assets: breakdown

Assets/Income component	Depreciation (a)	Value adjustments due to impairment (b)	Write-backs (c)	Net income (a+b-c)
A. Intangible assets	-2,169	0	0	**-2,169**
of which: software	-1,897	0	0	**-1,897**
A.1 Owned	-2,169	0	0	**-2,169**
- Generated internally by the company	0	0	0	**0**
- Other	-2,169	0	0	**-2,169**
A.2 Rights of use acquired through leases	0	0	0	**0**
Total	**-2,169**	**0**	**0**	**-2,169**

Section 14 - Other operating income and expenses - Line item 200

14.1 Other operating expenses: breakdown

Line items/values	Total at 31/12/2023	Total at 31/12/2022
1. Contingent liabilities and non-existent assets	-1,514	-3,784
2. Interventions in favour of guarantee funds	0	0
3. Depreciation of third party assets	-215	-250
Total	**-1,729**	**-4,034**

Notes: The line item “Contingent liabilities and non-existent assets” includes payment made subsequent to the settlement of pending disputes for 1,352 thousand euro. The impact on the income statement related to said disputes amounts to € 12 thousand due to risk funds constituted during previous fiscal years.

14.2 Other operating income: breakdown

Line items/values	Total at 31/12/2023	Total at 31/12/2022
1. Recovery of expenses	8,079	5,813
2. Contingent assets and non-existent liabilities	118	301
3. Other income	1,805	477
Total	**10,002**	**6,591**

Notes: The line item “Other income” includes badwill deriving from the purchase of BCC for Web, in the amount of € 1,291 thousand, which emerged- in application of the IFRS3 accounting principle- from the difference between the price paid and the fair value of the assets acquired and the liabilities assumed.

Section 15 – Profit/loss from equity investments - Line item 220

15.1 Profit (Loss) from equity investments: breakdown

Income component/values	Total at 31/12/2023	Total at 31/12/2022
A. Income		
1. Revaluations	71	1.324
2. Gains from disposal	110	0
3. Write-backs of value	0	0
4. Other income	0	0
B. Expenses		
1. Write-downs	506	356
2. Value adjustments from impairment	0	0
3. Losses from disposals	0	0
4. Other Expenses	0	0
Net income	**-324**	**968**

Notes:

Line items A.1 "Revaluations" and B.1 "Write-downs" include the variation in shareholders’ equity of subsidiaries – related to the share held by the Banca – both due to the capitalisation of the results for the 2022 fiscal year approved by the respective Shareholders’ Meetings, and to the results recorded during the first 9 months of 2023 approved by the Boards of Directors of the companies. Specifically, the overall amount is due to the following components:

- Revaluation of the shareholding in the company Cabel Industry s.p.a. for 69 thousand euro, due to income earned by the subsidiary;
- Write-down of the shareholding in the company C.H. s.p.a. for 506 thousand euro, due to losses incurred by the subsidiary;
- Profit from the transfer of shareholdings in the companies Gardena Capital LTD (€ 11 thousand) and Cabel IP s.p.a. (€ 99 thousand).

Section 18 - Gains (losses) from disposal of investments - Line item 250

18.1 Gains (losses) from disposal of investments: breakdown

Income component/Values	Total at 31/12/2023	Total at 31/12/2022
A. Property, plant and equipment		
- Gains from disposal	48	0
- Losses from disposals	0	0
B. Other assets		
- Gains from disposal	47	16
- Losses from disposals	-7	0
Net income	**89**	**16**

Section 19 - Income tax for the period on current operations - Line item 270

19.1 Income tax for the period on current operations: breakdown

Income components/Values	Total at 31/12/2023	Total at 31/12/2022
1. Current income tax (-)	-1,764	-3,487
2. Variation of current income tax for the previous fiscal years(+/-)	0	0
3. Reduction of current income tax for this fiscal year(+)	0	0
3 bis. Reduction of current income tax for the fiscal year due to tax credits pursuant to Law n. 214/2011 (+)	0	0
4. Variation of pre-paid taxes (+/-)	-4,732	-1,164
5. Variation of deferred taxes (+/-)	122	60
6. Fiscal year income tax (-) (-1+/-2+3+3 bis+/-4+/-5)	**-6,374**	**-4,591**

Notes:
Current income tax are measured in accordance with current tax laws in force.

Summary of fiscal year income taxes, by type of tax

Income components/Values	Total at 31/12/2023	Total at 31/12/2022
- Ires (corporate income tax)	-4,987	-3,412
- Irap (tax on productive activities)	-1,386	-1,179
- Other taxes	0	0
Total	**-6,374**	**-4,591**

19.2 Reconciliation between theoretical tax burden and effective tax burden on the balance sheet

Line items/values	Ires (corporate income tax)	Tax rate	Irap (tax on productive activities)	Tax rate
(A) Gain (Loss) from current operations before taxes	28,518		28,518	
(B) Income taxes – Theoretical burden	7,842	27.50%	1,588	5.57%
Reductions of tax base	35,582	27.50%	25,047	5.57%
Additions to tax base	10,648	27.50%	10,510	5.57%
Tax base	3,584		13,981	
Income taxes – effective tax burden	-986	27.50%	-779	5.57%
Pre-paid/deferred taxes	-4,001	27.50%	-608	5.57%
Total taxes	**-4,987**		**-1,386**	
Overall tax	**-6,374**			
Effective tax rate	**-22.35%**			

PART D – Overall profitability

ANALYTICAL SCHEDULE OF OVERALL PROFITABILITY

	Line items	31/12/2023	31/12/2022
10	**Profit (loss) for the fiscal period**	**22,075**	**17,762**
	Other income components without reversal to the income statement		
20	Capital securities measured at fair value with impact on total profits:	**-92**	**-250**
	a) variations of fair value	**-92**	**-250**
	b) transfer to other components of shareholders' equity	**0**	**0**
30	Financial liabilities measured at fair value with recognition of income through profit and loss (variations of own creditworthiness)	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) transfer to other components of shareholders' equity	**0**	**0**
40	Hedges on capital securities measured at fair value with impact on total profits	**0**	**0**
	a) variations of fair value (hedged instrument)	**0**	**0**
	b) variations of fair value (hedging instrument)	**0**	**0**
50	Property, plants and equipment	**0**	**0**
60	Intangible assets	**0**	**0**
70	Defined benefit plans	**-69**	**349**
80	Non-current assets and groups of assets in the course of divestment	**0**	**0**
90	Share of valuation reserves of equity investments measured on the basis of shareholders' equity	**0**	**0**
100	Income taxes relative to other income components without reversal to the income statement	**0**	**0**
	Other income components with reversal to the income statement		
110	Hedging of foreign investments:	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to the income statement	**0**	**0**
	c) variations of value	**0**	**0**
120	Exchange rate differences:	**0**	**0**
	a) variations of value	**0**	**0**
	b) reversal to the income statement	**0**	**0**
	c) variations of value	**0**	**0**
130	Hedging of cash flows:	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to the income statement	**0**	**0**
	c) variations of value	**0**	**0**
	of which: result of net positions	**0**	**0**
140	Hedging instruments (unmeasured instruments)	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to the income statement:	**0**	**0**
	c) variations of value	**0**	**0**
150	Financial assets (other than capital securities) measured at fair with impact on total profits:	**12,675**	**-18,355**
	a) variations of fair value	**11,790**	**-19,282**
	b) reversal to the income statement:	**885**	**927**
	- adjustments due to impairment	**0**	**0**
	- profits/losses from disposal	**885**	**927**
	c) variations of value	**0**	**0**
160	Non-current assets and groups of assets in the course of divestment:	**0**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to the income statement	**0**	**0**
	c) variations of value	**0**	**0**
170	Share of valuation reserves of equity investments measured on the basis of shareholders' equity	**219**	**0**
	a) variations of fair value	**0**	**0**
	b) reversal to the income statement:	**0**	**0**
	- adjustments due to impairment	**0**	**0**
	- profits/losses from disposal	**0**	**0**
	c) variations of value	**219**	**0**
180	Income taxes relative to other income components with reversal to the income statement	**0**	**0**
190	**Total other income components**	**12,733**	**-18,257**
200	**Overall profitability (Line item 10 + 190)**	**34,807**	**-495**

International accounting standards allow allocating financial instruments to different portfolios to which accounting standards are applied that result in the allocation of costs or income directly to special reserves of shareholders' equity, without going through the income statement. The schedule above shows the overall result, considering income items accrued and realised during the fiscal year that were recognised directly in shareholders' equity, sterilising components that were already accrued and thus booked to shareholders' equity in previous fiscal years, but that are subject to a second and definitive allocation to the income statement (reversal) at the time effectively realised.

PART E – Information on risks and the relative hedging policies

Introduction

The Bank carries out its activities according to sound and prudent management principles, with a moderate risk propensity, in respect of stability requirements connected to the banking business.
Overall risk propensity is measured synthetically by identifying, within the scope of the Bank's asset resources ("own funds"), a capital component that is not eligible for risk assumption (unexpected losses), held for medium-long term to cover capital against impact in the event of unexpected stress events.
The Bank's internal control system ensures implementation of corporate strategies and policies and is composed of all the regulations, procedures and organisational structures aimed at compliance with sound and prudent management principles.
Corporate Bodies have the primary responsibility for ensuring, in line with their respective specific competencies, the completeness, adequacy, efficiency and reliability of the internal control system.
The Bank has implemented a traditional type of governance model that entails a Board of Directors, a Board of Statutory Auditors and General Management.
The Board of Directors is responsible for Bank strategic supervision and management, along with General Management, and the Board of Statutory Auditors is responsible for monitoring activities.
The Board of Directors defines the business model by approving the strategic business plan and the yearly budgets, aware of the risks to which this model exposes the Bank and comprehending the processes by means of which such risks are identified and measured. The Board of Directors, again, following the guidelines decided at Group level, defines and approves strategic policies and periodically reviews them, decides on risk propensity and the relative tolerance levels as well as the risk management policies, ensuring that the Bank's structure is consistent with the business carried out and with the business model adopted.
At least on an annual basis, the Board of Directors approves the Group's "Risk Appetite Framework (RAF)" and the "Company risk management policies", which define the risk propensity, the tolerance thresholds and limits, as well as the rules and methods used to monitor risks. These documents outline, at an individual juridical entity level, specific risk indicators and the respective warning thresholds, identifying the functions responsible for the specific control mechanisms, and providing for specific information flow procedures. The internal capital adequacy process (ICAAP) and the internal liquidity risk management and governance process (ILAAP) are also a part of the Bank's risk management system.
The Board of Directors is aided by the Risk Committee, a committee within the Board itself that provides the Board with advisory support and proposal regarding risks and the internal control system.
General Management fully comprehends corporate risks and is responsible for implementing the strategic policies and risk management policies defined by the Board of Directors. In particular, General Management proposes the operating limits with respect to the assumption of the various types of risk, taking into account the stress tests carried out by the various designated function, in accordance with the Bank's internal policies.
For the purpose of facilitating the development and awareness at all company levels, of a risk control culture, General Management plans training programs for Bank personnel, based on the proposals made.
The Board of Statutory Auditors carries out periodical inspections to ascertain the completeness, adequacy, efficiency and reliability of the internal control system.
In carrying out its tasks, the Board of Statutory Auditors is provided with appropriate information from the other Corporate Bodies and control functions. The regular presence of the Board of Statutory Auditors at BoD meetings, which are held twice weekly, represents a guarantee with respect to timely information of the Control Body regarding management issues.
Sound and prudent bank management is ensured by an appropriate corporate organisation that provides for a complete and functional internal control system.

In particular, the Bank's internal control system is composed of three different levels:

- First level controls (line): aimed at ensuring that operations are carried out correctly. These controls are performed by operating structures or incorporated into the procedures and information technology systems, or carried out during back office activities.
- Second level controls on risks and conformity, also aimed at ensuring, among other things:
  - correct implementation of the risk management process;
  - respect of operating limits assigned to the various functions;
  - conformity of corporate operations to standards, including self-governance regulations.

  Second level controls are assigned to the Risk Management Service, the Compliance Service and the Anti-Money laundering Service. The functions designated to controls are separate from production functions; they contribute to defining the risk management policies and the risk management process.
- - Third level controls (internal auditing): aimed at identifying violations of procedures and regulations,

and at periodically evaluating the completeness, adequacy, efficiency and reliability of the internal control system and the information technology system.

. Given the size and in compliance with the "principle of proportionality", the Compliance function is carried out in co-sourcing with META Srl, a company that meets all the prerequisites in terms of professional qualification and independence.

The company control functions responsible for second and third level controls have the authority, resources and competencies required to carry out their tasks.

In conformity with Vigilance provisions, the company organisational structure requires that company control functions report back to the Board of Directors in terms of both hierarchy and functions.

Control functions have access to all the activities carried out by the Bank, both in the central offices and in peripheral offices, as well as to any information relevant to carry out controls.

In accordance with Law 231/01, there is a Vigilance Committee, which is a collective body in charge of assessing the efficiency of organisational measures adopted by the Bank to avoid involvement in sanctionable actions pursuant to Law 231 of 2001.

It periodically reports to the Board of Directors of the Institute, as set forth in the organisational model.

The risks to which the Institute could be exposed are:

- Credit/counterparty risks
- Market risk
- Operational risks
- Concentration risk
- Interest rate risk on bank portfolio
- Liquidity risk
- Residual risk from CRM
- Climate and environmental risks
- Strategic risk
- Reputational risk
- Risk from securitisation
- Risk of excessive financial leverage
- Risk of assumption of equity investments
- Risks and conflicts of interests vis-à-vis related parties
- Country risk
- Risk of transfer
- Basis risk
- Compliance risk
- Money-laundering risk
- ITC risk
- Risk connected to the management of foreclosed assets.

Attention to the management of climate and environmental risks has a strategic importance. In accordance with Bank of Italy "Supervisory Expectations", the Bank has adopted an action plan that identifies specific interventions to be executed so as to implement the principles of sustainable finance. During 2022, a project was initiated, aimed at the gradual integration of climate and environmental risks into governance and control systems, into the business model and corporate strategies, into the organisational system, and into operating processes, in compliance with supervisory guidelines regarding climate and environmental risks. In order that the administrative body, first and foremost, and the organisational structure can effectively meet the expectations, a training program has been started, involving the members of Board of Directors and of the Board of Statutory Auditors, General Management, and a broad range of employees.

The ESG project is co-ordinated by an inter-functional work team, that includes the participation of the Compliance, Risk Management, Finance Department, Credit Department and Organisation Function managers. During the month of December 2022, the Board of Directors approved the Bank's ESG Initiatives Plan to favour a progressive compliance with expectations, specifically as regards the credit risk and investment services areas. During the same meeting of the Board, the creation of the «Sustainability Committee» was approved, which is a management committee composed of top company management, tasked with co-ordinating climate and environmental issues, and supporting the Board of Directors in the assessment and analysis of sustainability strategies connected to the execution of the Bank's business activities.

The Bank, which belongs to a banking group that is classified among Class 2 intermediaries, in accordance with Bank of Italy Circular 285/2013, adopts the following methods to measure capital adequacy with respect to quantitative risks:

• for credit/counterparty risks and for market risks, the standardised method (TSA),
• for operational risks, the basic method (BIA),

• for concentration risk and for interest rate risk, the simplified methods proposed respectively in annexes B and C/C bis of Bank of Italy Circular 285/2013 and subsequent updates.
In compliance with Tier III requirements, the Gruppo Bancario Cambiano has prepared information for the public relating to the Consolidated Financial Statements for the 2023 reporting year, available on the web site www.bancacambiano.it.

Section 1 – Credit risk

Qualitative information
1. General information
The Bank's strategies, the Risk Appetite Framework, and the faculties and rules for loan disbursement and credit management are aimed at:
– meeting the objective of increasing sustainable credit activities, consistently with risk propensity and creation of value;
– portfolio diversification, limiting the concentration of exposures on single counterparties/groups, on single sectors of economic activity;
– an efficient selection of economic groups and individuals borrowers, through an accurate analysis of creditworthiness aimed and limiting the risk of insolvency;
– favouring credit interventions aimed at supporting the real economy and the production system;
– constantly monitoring loan relations, both through IT procedures and by means of the systemic monitoring positions, in order to be able to immediately grasp any symptoms of imbalance and promote corrective actions aimed at preventing possible impairment.
The quality of the credit portfolio is constantly monitored by implementing precise operational methods in each stage of credit management.
The Bank's credit activity is developed in line with the management policies outlined in the Business Plan, and addressed to local economies primarily in the retail, small business and small-medium enterprise markets. Credit activities are addressed to the corporate market to a much lesser degree.

Effects of the rise in interest rates and calamitous events
The Bank has had to manage the credit risk connected to two significant events that occurred during 2023: the effects on retail customers deriving from significant increases in interest rates, and the repercussions on families and companies residing and operating in those areas of the Regions of Emilia-Romagna and Tuscany affected by flood events.
The first event, that derives from the monetary policy decision to increase interest rates implemented by the ECB to face the exponential rise of inflation, has significantly worsened charges due by borrowers taking out floating rate loans, particularly as refers to retail customers with mortgage loans.
In accordance with Budget Law n. 27 of 28 December 2022, the Bank has implemented, as a measure to support mortgage loan customers with pre-established legal requirements, among which, first and foremost, an ISEE (indicator of equivalent economic situation) lower than 35 thousand euro and a floating rate for the duration of the loan not higher than 200 thousand euro, the possibility of transforming the floating rate to a fixed rate, and of possibly re-scheduling the payment plan up to a maximum of 5 years.
As at 31 December 2023, there are approximately 36 loans for which the interest rate has been converted from floating to fixed, for an overall exposure of approximately 3.8 million euro;
The Bank has additionally also extended the support measure to customers that do not meet the requirements set forth by law (ISEE lower than 35 thousand euro); this initiative involved approximately 145 customers in the "families" segment, for an exposure of approximately 20.8 million euro, with a forbearance rate of approximately 5%.
As regards the second event, the year 2023 was characterised by various floods that struck the Italian national territory, and that entailed a series of initiatives by the central government and by banks, in aid of families and businesses. Among these, Law Decree n.61 of 1 June 2023, subsequently converted into law on 31 July 2023, containing "Urgent measures to deal with the emergency caused by the floods occurring starting 1 May 2023", subsequent to which the Bank, on customer request and following submission of a self-certification of the damage suffered, pursuant to the provisions of order n. 445 issued by the President of the Republic on 28 December 2000 and subsequent amendments and additions, suspended all instalments for mortgage loans related to buildings cleared or unfit for use, or to the management of commercial businesses, including agricultural enterprises, conducted in the same buildings, for a maximum of 12 months, opting between suspension of the entire instalment or of only the portion of principle.
The residual debt of loans subject to suspension by law was equal to approximately 817 thousand euro and involved about seven credit lines.
Furthermore, on 11 November 2023, ordinance n. 1037 dated 5 November 2023 of the office of the President of the Council of Ministers – Civil Protection Department- was published, with the following subject: "Urgent primary aid civil protection measures consequent to the exceptional weather events occurring starting 2 November 2023 in the territories of the Provinces of Florence, Leghorn, Pisa, Pistoia and Prato", subsequent to which the Bank, on customer

request and following submission of a self-certification of the damage suffered, pursuant to the provisions of order n. 445 issued by the President of the Republic on 28 December 2000 and subsequent amendments and additions, suspended all instalments for mortgage loans related to buildings cleared or unfit for use, or to the management of commercial businesses, including agricultural enterprises, conducted in the same buildings, for a maximum of 12 months, opting between suspension of the entire instalment or of only the portion of principle.
The residual debt of loans subject to suspension by law was equal to approximately 3.6 million euro and involved about 23 credit lines.

2. Credit risk management policies
2.1 Organisational aspects
The factors that generate credit risk are tied to the possibility that an unexpected variation in the creditworthiness of a counterparty, to which the Bank has an exposure, may generate a corresponding unexpected variation of the current value of the respective credit exposure.
Therefore, credit risk is not limited only to the counterparty's insolvency, but also includes the mere deterioration of its creditworthiness.
Taking on credit risk and risk management are governed by formalizing the underlying process, detailing the roles of the corporate bodies involved, defining the first controls and rendering explicit the roles of all control functions.
The Non-Performing Loans office, reporting to Credit management, is composed of the Legal and Litigation Services Offices and the Problem Debts Management offices and Credits under Special Administration office. The Problem Debts Management Office manages, at a corporate level and according to methods defined by internal regulations, every single problem debt and loans that present anomalous situations, regardless of their classification as performing or non-performing, with the exception of non-performing loans that are managed by the Legal and Litigation Services Office. Problem Debts Management also Supports the Network in carrying out peripheral monitoring activities on single anomalies and problem loans, as well as in defining and implementing corrective actions aimed at ensuring sound administration of the credit process. This activity is aimed at favouring an anticipatory management of credit risk and implementing management strategies aimed at improving the Bank's credit quality. The corporate organisation system assigns management of relationships classified as Probable Default and Non-Performing respectively to the Problem Debt Monitoring Office and the Legal and Litigation Services Office. Impaired loans are managed based on Service regulations and in accordance with the specific impaired loan assessment policy (most recently updated during the meeting of the Board of Directors held on 21/09/2023).
An office to manage credits in special administration has been created within the Problem Debt area, tasked with managing, based on methods set forth by internal regulations and corporate bodies, those exposures with peculiar characteristics that qualify them for management by this specific function. Exposures are assigned to this office regardless of the specific classification, but taking into account the significance that they have within bank exposures, in terms of risk profile and of the actions to be taken.
The Credit Control Office, reporting to Credit Management, oversees the credit risk monitoring process, in order to detect, even in advance, possible critical evolutions; this activity is carried out within the scope of second instance first level controls and with the aim of providing credit manager and the Problem Debt Management function with all the information required to take necessary measures, and the Risk Management function with all the information required to carry out second level control on credit risks.
The Early Management Office, within the Credit management department, controls the process for the concession of forbearance measures, in order to allow identifying forbearance measures that are "economically sustainable", as well as ensuring the pro-active management of the first signs of default and weakness of the borrowing counterparty.
Within the scope of the risk taking and management procedures adopted, the first safeguard filter takes place in the Branch office, through constant and ongoing dialogue with the customers, by means of both internal and external information sources and with the aid of information technology procedures.
During the credit preliminary assessment and review processes, the Bank analyses the customer's financial needs and the documents required to carry out an adequate assessment of the creditworthiness. The decision to grant a loan is therefore based both on the analysis of all the information regarding the economic entity, and on the basis of direct knowledge of the customer and of the economic operating context. All preliminary activities regarding the operational process that lead up to disbursement and periodic review of the loan, are developed with the aim of granting a congruous loan to each individual applicant (and/or group), providing for the most appropriate types of loan and an adequate remuneration for the risk taken.
Within the scope of the "Credit Risk Regulations", the Board of Directors has defined the decision-making autonomy of each body delegated to granting loans. Observance of the powers authorised by the Board of Directors is guaranteed by automatic controls provided for in the IT procedure recently implemented with the new "Easy Loans" application used to manage the preliminary process for loan disbursement.

The credit process will be further revised during 2024, following the conclusion of the assessment, currently underway, regarding the stages of the process relative to monitoring and management of performing loans showing the first signs of irregularity.

2.2 Management, measurement and control systems

Risk management, measurement and control systems are developed in an organisational framework that involves the entire credit process cycle, from the initial preliminary stage, to the periodical reviews up to revocation and recovery.
The Bank also carries out quantitative and qualitative analyses for periodic Credit Risk measurement and control. In particular, quantitative assessments make use of various instruments that provide economic, financial and capital information regarding the customer.
The Credit Area, reporting to Credit Management, ensures supervision and coordination of the operational stages of the performing loan process, carries out the credit application and, within the scope of its competencies, disbursement process and performs first level controls, again within the scope of its competencies. The Non-Performing Loans office, also reporting to Credit Management, monitors and coordinates all the operational stages of the non-performing loans process.
To support these activities, the Bank adopts specific procedures for the preliminary analysis/disbursement, credit line renewal and credit risk monitoring stages.
In these stages, the Bank uses qualitative and quantitative methods to measure creditworthiness, supported by information technology procedures subject to periodic verification and maintenance.
Line of credit application, deliberation and review processes are regulated by a decision-making process supported by the PEF “Easy Loans” IT procedure, which allows verifying (on behalf of all the departments involved in credit management) the status of each borrower or potential borrower. This procedure also allows reconstructing the credit deliberation process by tracking the various steps of the process and the types of analyses carried out.
Two review levels are provided for, in order to keep the procedures slim: one is a simplified review, with limited formalities, which is reserved to the renewal of small credit lines with a regular performance; the other is an ordinary review applied to all other situations.
The definition of classification, measurement and management criteria for impaired positions and of the methods to be implemented to monitor loan performance aims also at implementing a systematic control procedure on loan positions by the Risk Control Office in close collaboration with bank Branches.
This activity is supported by an electronic procedure that allows for periodic extrapolation of all relations that may show signs of anomalous performance, both internally and externally.
Hence, constant monitoring of the reports provided by the procedure, along with the measurement of other types of events allows for rapid intervention as soon as irregular positions arise, in order to take the necessary measures for problem loans.
All loan positions are also subject to periodic review of each individual counterparty or group of connected customers.
The Risk Manager is responsible for second level controls; this function carries out controls aimed at periodically ascertaining that credit granting, monitoring and classification of credit exposures, the process for recovery and calculation of provisions for impaired loans, are all carried out in compliance with internal and supervisory regulations, and that they are efficacious and reliable as regards the capacity for timely detection and notification of problem loans, and for ensuring the adequacy of value adjustments and the relative writing-off.
Credit risk, like other risks, is mapped in the RAF process, defined by specific objectives and tolerance thresholds. Hence, the Risk Management function monitors credit risk management processes, periodically checking and verifying compliance to risk objectives, operating limits and the risk indicators defined by the Board of Directors, according to the methods and schedules defined in the RAF Regulations and in the risk management processes. Furthermore, this function provides advance opinions regarding RAF compliance of significant credit transactions (so-called OMR), as defined in the specific regulations approved by the BoD, requesting, if necessary and based on the nature of the transactions, the opinion of other functions involved in the risk management process. The entire credit and counterparty risk management process (risk measurement, application, disbursement, performance monitoring, exposure monitoring, review of lines of credit, classification of risk positions, actions in the event of problem loans, classification criteria, assessment and management of impaired loans) is formalised in the internal regulations.
The Bank continues to use an “ordinal” classification management system for creditworthiness which, in a nut-shell, aims at attributing univocal ratings to borrowing customers, on the basis of a series of qualitative and quantitative considerations.
On this matter, please bear in mind that the evaluations resulting from the application constitute a limit to the use of powers associated to loan authorisations.
The Bank adopts standards methods to determine the minimum capital requirement for credit risk.

As regards the internal capital adequacy evaluation process (ICAAP), the Bank uses the so-called Granularity Adjustment simplified algorithm (ref. Annex B, Title III, Chapter 1 Circ. 285/2013) to quantify internal capital vis-à-vis concentration risk for exposure to single counterparties or groups of connected customers.
Within the scope of the ICAAP analysis performed on a quarterly basis, the Bank performs stress tests with reference to credit and concentration risks through sensitivity analyses that evaluate the effects of specific events on the same risks. The Bank performs the stress test and, with specific reference to credit risk, recalculates the internal capital required against the new risk level of the loan portfolio redefined on the basis of any increase of the incidence of impaired exposures on company lending. The Bank also determines the impact on overall capital (Own Funds) deriving from the reduction of expected income due to the increase in write-downs of receivables.
With reference to operations on securities markets, the Bank's Finance Area implements measurements and controls both during acquisition of the financial instruments and after, when the composition of the fund is periodically analysed by asset class / IAS/IFRS portfolio, the specific or counterparty risk level is identified and calculated and compliance with the limits and powers assigned is verified. The results of these analyses are discussed periodically by the Finance Committee within the scope of which the Risk Management Office sets forth its valuations in accordance with the Risk Appetite Framework.

2.3 Methods for the measurement of expected losses
Expected loss is the product of exposure, probability of default and Loss Given Default.
IFRS 9 provides for a single impairment model, to be applied to financial assets measured at amortised cost and those measured at fair value with contra-entry in OCI (Other Comprehensive Income 16, which is shareholders' equity) as well as to financial guarantees and other commitments to disburse loans, characterised by a prospective view, which requires immediate recognition of losses on receivables even if they are only expected.
The Bank's stage allocation model, based on individual exposures or tranches of exposures in case of debt securities, applies both qualitative and quantitative criteria to measure significant increase of credit risk from the date of initial recognitions of the financial instrument to the evaluation date.
More specifically, a financial instrument may be moved from stage 1 to stage 2 if one of the following variables occurs:

- Variation of the probability of default used for internal management purposes. Therefore, this assessment is made adopting a "relative" criterion. This criterion was revised in July 2022, during an inspection and, in conformity with the Bank's current internal rating system, requires that the following exposures be classified in Stage 2:
  - in bonis exposures with risk of insolvency at the date of initial recognition equal to 1, 2, 3 or 4 that have a final classification that is equal to at least 10;
  - in bonis exposures with risk of insolvency at the date of initial recognition equal to 5 or 6 that have "jumped" 6 classes in the internal PD classification system;
  - in bonis exposures with risk of insolvency at the date of initial recognition equal to 7, 8, 9 or 10 that have "jumped" 5 classes in the internal PD classification system;
  - in bonis exposures with risk of insolvency at the date of initial recognition equal to 11 that have "jumped" 4 classes in the internal PD classification system.
- The presence of a position that is overdue/overdrawn– without varying the thresholds of significance provided for by regulations – and has been so for at least 30 days. In this case, in other terms, the credit risk of the exposure is presumed to be "significantly increased" and, therefore it is moved to stage 2 (if the previous exposure was classified in stage 1);
- The presence of forbearance measures, which – again, presumably – entail classification of the exposures among those for which credit risk is "significantly increased" with respect to initial recognition;
- Finally, specific indicators of the credit monitoring system are taken into consideration for the purpose of assessing the movement of exposures from one stage to another. Specifically, this refers to so-called "watch-list" positions, that is, positions subject to monitoring regimes due to individual evidence of criticality.

The Stage Allocation model is a symmetric model, in that it provides for exposures passing from Stage 1 to Stage 2 and vice versa. Specifically, if at the previous balance sheet date a financial instrument was classified in Stage 2, but at the current balance sheet date it no longer meets the requirements for recognition of a fund equal to expected losses for the duration of the instrument, the position is reclassified in Stage 1. Therefore, no specific permanence criteria are applied in Stage 2, other than those inherent to the quantitative and qualitative parameters that determine the staging (for example, as regards forborne exposures). Consequently, if the parameters in question change and the instrument may be reallocated to stage 1, further permanence in stage 2 is not considered necessary, as the sustainability of the improvement if the customer's creditworthiness is already evaluated during the processes required by the reference regulations of each staging parameter.
For the purpose of allocating exposures to the various stages on the date of first application of the principle, performing exposures were classified in stages 1 and 2, unlike non performing exposures that were allocated in stage 3.

As regards these latter exposures, please note that the Bank complies with the definition contained in Bank of Italy Circular n. 262/2005, meaning that they correspond to the total amount of impaired overdue/overdrawn exposures, Probable defaults and non-performing loans, such as defined by current supervisory regulations.
The Bank's overall approach to the quantification of expected credit losses is to ensure alignment with regulatory risk parameters.
Once the exposures have been allocated in the various credit risk stages, expected loss, which is the estimated losses on receivables, weighted for the relative probability of occurrence, is calculated along a 12 month period for Stage 1 financial instruments or for the entire residual life of the financial instrument for those classified in Stage 2.
Therefore, as similar evaluation model is applied to all Stage 1 and Stage 2 exposures, the only distinguishing element being the time frame for estimation of expected loss. The evaluation model takes into consideration the following risk factors:

- PD (Probability of Default) – probability of insolvency, a parameter that represents the probability that a counterparty will pass from a "bonis" condition to an "insolvency" condition within the time frame of 1 year (Stage 1) or during the expected life of the financial instrument (Stage 2). The probability of insolvency is calculated based on parameters decided internally by Banca Cambiano and then subsequently including appropriate corrective factors that allow taking into consideration the effects of so-called forward looking information regarding the macro-economic reference scenarios;
- LGD (Loss Given Default) – rate of loss in case of insolvency, a parameter that expresses the incidence of the loss, net of recovery, as a percent value, with respect to the amount of the exposure that has become insolvent, measured based on specific internal Banca Cambiano models. This parameter also includes the expected direct costs of recovery;
- EAD (Exposure at Default) - EAD is treated differently based on the type of exposure and maturity: exposures with a "deterministic" repayment schedule with a known cash flow and maturity and "stochastic" exposures with an unknown cash flow and/or unknown maturity. For exposures with a deterministic repayment schedule EAD is defined by using the repayment schedule based on the evolution of contractual cash flows. For exposures with an unknown repayment plan (for example, not based on instalments, such as bank accounts) EAD is calculated based on special models that take into account both the so-called "on balance" value of the exposure and the "off balance" component considered potentially risky due to the possibility of the counterparty of increasing its borrowing position.

All reasonable and demonstrable information available at the balance sheet date, without incurring excessive cost or effort, are is taken into consideration for the purpose of calculating expected losses. The information used must include past events, current conditions and forecasts regarding future economic conditions.

Inclusion of government-backed guarantees

Starting with the 2021 fiscal year, for Banca Cambiano, as regards loans taken out within the scope of government-backed guarantees established through emergency laws, the Board of Directors, on the basis of a study carried out along with the IT outsourcer and with the help of the company KPMG, approved a new method for the calculation of impairment loss that takes into account the presence of the government-backed guarantee, also in light of the significance that said loans acquired during the 2020-2021 fiscal years. In particular, for the portion backed by the government guarantee, the PD and LGD parameters of the customer are replaced by those of the guarantor, that is the Italian Government, while for the part not covered by the government-backed guarantee, the customer parameters continue to be applied. The calculation of the portion covered by the government-back guarantee also factors in the so-called residual risk, that is prudentially considered as equal to 20%; therefore, in calculating impairment loss, the portion covered by the government-backed guarantee is reduced by this percent[10].

Management overlays

In the meeting held on 29 December last, the Board of Directors resolved to release the add-ons on "energy-intensive" businesses (equal to € 5.7 million as at 31/12/2022 for Banca Cambiano and € 537 thousand for Cambiano Leasing), introduced as of the financial statements for the 2022 fiscal year, replacing the management overlays of the 2020 and 2021 fiscal years on Covid loans and government-backed loans, in light of the following considerations:

- Albeit the conflict between Russia and the Ukraine is ongoing, the energy crisis that the war generated and that characterised the 2022 fiscal period can currently be considered as essentially ceased;
- Since the introduction of the add-ons, to date a congruous time has lapsed (almost 12 months), such as to have allowed ascertaining any financial difficulty and the consequent classifications and evaluations of positions;

[10] For example: in case of an 80% government-backed guaranty, the exposure is considered guaranteed for 64% (80%-20%*80%).

- - The analysis of dynamics relative to Stage 2 has not brought to light a significant deterioration, in the time bracket of reference, of exposures falling within the perimeter of application of the add-ons on “energy-intensive” businesses”;
- The concentration of add-ons of significant amounts on individual loans, broadly granted, closely monitored and recently also reviewed by the Board of Directors, with no anomalies during the period that can be traced back to the energy crisis at the base of the criteria for application of the management overlays;
- The updating, regarding measurements as at 31/12/2023 of forward-looking components, that include the macro-economic scenarios based on the most recent forecasts published by Bank of Italy, with reference to which the simulated impact on the portfolio of receivables at 30/11/2023 quantifies an increase in impairment loss on Stage 1 equal to about € 1.30 million, and an increase in impairment loss on Stage 3 unlikely to pay positions equal to € 1.77 million;
- - The substantial return to normal operating conditions of the parameters at the base of the IFRS9 model, that first during the Covid period (2020-2021 fiscal years) and then the energy crisis period (2022) were not capable of intercepting the significant rise of credit risk due to the mass recourse to moratoria and the difficulty in finding data inherent to the energy expense of customer companies.

Given the uncertainty of the current economic situation, characterised by the pressure of inflation and the increased interest rates recorded during the year, for the 2023 fiscal period the Board of Directors has nevertheless resolved to continue to maintain an approach alternative to the mechanical application of the models (so-called Overlay Approach) used to calculate the ECL, in line with the process used in 2022 for “energy-intensive” businesses, and in the previous two-year period of the Covid-19 pandemic, providing for the inclusion of specific add-ons on impairment losses in order to capture the expected effects of the increased interest rates on the banking portfolio.

To this end, a perimeter of positions most affected by the current economic situation has been identified, and the relative criteria for calculation of management overlays has been defined, as detailed here following:

- Private individuals, joint-name companies and individual companies classified in Stage 1 who undersigned floating rate instalment loans before 2023 and that during the year have registered average payment delays equal to at least five days. For these positions, the calculation of the management overlay is based on the simulation of a “shift" in the risk class with application of an impairment loss equal to that which they would have had, if they had been classified in Stage 2;
- Private individuals, joint-name companies and individual companies classified in Stage 2 who undersigned floating rate instalment loans before 2023 and that during the year have registered average payment delays equal to at least one day. For these positions, the calculation of the management overlay is based on the simulation of a “shift" in the risk class with application of an impairment loss equal to that which they would have had, if they had been classified as impaired past-due (Stage 3);
- Loans backed by commercial real estate properties that, following the rise in interest rates, are less appealing on the real estate market and for which a loss in value is estimated in 2024. For these positions, the calculation of the management overlay is based on the application of the Loss Given Default dedicated to un-secured positions, in lieu of the one dedicated to positioned guaranteed by real estate property.

The calculation of management overlay on loans to companies backed by commercial real estate properties, in particular, is based on the sector reports issued by the European Central Bank, in which it is ascertained that commercial real estate transactions decreased by 47% during the first half of 2023 as compared to the same period of the previous year, that that the largest listed real estate property holders are exchange with a discount of over 30% as compared to the net equity value.

As regards the Bank’s credit portfolio as at 31/12/2023, the application of criteria for the calculation of the management overlays that have been identified has entailed an increase of impairment loss on Stage 1 equal to approximately € 550 thousand, and an increase in impairment loss on Stage 2 equal to approximately € 1.94 million, resulting in an overall add-on of € 2.49 million.

In particular, the calculation management overlays based on a simulated “shift” of the class risk for the identified private individuals, joint-name companies and individual companies resulted in an overall add-on between Stage 1 and Stage 2 equal to € 2.12 million, while the calculation of management overlays based on the application of the Loss Given Default dedicated to positions not secured by commercial real estate property resulted in an overall add-on between Stage 1 and 2 equal to € 366 thousand.

In addition to the impact on impairment losses of the application of the add-ons explained above, it is necessary to also consider the additional effects due to the updating of the macro-economic scenarios based on the most recent forecasts published by Bank of Italy (so-called Forward-Looking components), with reference to the month of December 2023. These updates have resulted in a rise in impairment loss equal to € 1.30 million on Stage 1 and € 1.77 million on Stage 3, allocated on watchlist positions.

2.4 Techniques for mitigating credit risk

The main levers for mitigating credit risk are represented by the system of guarantees that accompany loan exposure, by a limited degree of concentration on specific borrowers, as well as an adequate level of diversification of loans by type and by industry.
In particular, with reference to concentration risk, please note that within the scope of its "credit policies", the Bank has set forth a series of limits regarding credit exposure towards single counterparties or groups of connected customers and towards counterparties belonging to the same economic sector. These limits are constantly monitored by the Risk Management Services.
The methods used to manage guarantees and the relative operating processes are set forth in the Bank's internal regulations.
The guaranty management process is incorporated in the IT system, which may be accessed to obtain all related information.
In order to mitigate credit risk, the Bank uses collateral security and personal guarantees. In particular, the main types of real guarantees used are mortgages on property and financial pledges.
The IT management application allows monitoring the entire mortgage guarantee acquisition, assessment, verification and realization efficaciously, identifying all inherent information. The procedure also allows periodically "updating" the current value of the guarantee itself and monitoring the consistency of the value of the guaranty with respect to the risk. The ratio between the loan and the value of the collateral property is monitored constantly in order to intervene appropriately in the event of drops in the real estate market.
The organisational processes and guidelines applied to monitoring of the commitment on financial instruments protect receivables from fluctuations in real estate market trends.
Personal guarantees consist mainly of sureties given by individuals or companies. Guarantees issued by specialized bodies (for example: Confidi) and by Financial institutions (for example: government guarantee through Mediocredito Centrale pursuant to law 662/1996) are also used and, lastly, so are the government guarantees issued following the crisis engendered by the Covid-19 pandemic.
To date, the Bank does not use credit derivatives to cover or transfer the risk for credits in portfolio.
The presence of collateral or personal guarantees reflects on the quantification of balance sheet ECL.
As regards collective evaluations, the main "transmission" channel is represented by LGD, one of the input parameters used to the evaluations: in fact, to this end, every exposure is subdivided into tranches, determined based on the different types of guarantees that back the exposure, and a specific LGD is calculated for each tranche.
As regards analytical analyses, the presence and the updating of the value of collateral is directly reflected in case of "gone concern" type evaluation methods, applied over given amount thresholds on all non-performing loans, as well as on probable default positions in which a going concern scenario is not considered possible, or in which the partiality and poor reliability of the company business plans do not allow formulating a reliable estimation of the company's capacity to repay the debt through cash flows generated by the business activity (going concern method). When applying the gone concern method, specific haircuts are applied, that contain the estimations deriving from adjudications during foreclosure procedures.
The above controls are performed by centralized structures that are separate from those that disburse and review the loan; the Internal Auditing Office ensures that assets are managed properly and prudently by means of periodic controls.
During the fiscal year, as regard the above topics, the Surety and Guarantees Function was established, within the Credit Area, tasked with perfecting sureties after having verified the correct census of the guarantees.

3. Impaired receivables

3.1 Management strategies and policies

On 27 March 2023, the Board of Directors approved the update to the Bank's NPL Business Plan (2023-2025) based on the Bank of Italy Guidelines for impaired receivables; the Plan was submitted to Bank of Italy on 31 March 2023. The Plan was subsequently revised and submitted again on 21 April 2024, due to certain changes subsequent to approval of the Strategic Plan for 2023-2025, on 14 April 2023.
In the NPL Business Plan for 2024-2026 consolidation of the de-risking policy represents the First Pillar, by means of which the Bank intends to limit the burden of impaired receivables on overall receivables. The aim of the Plan is for the Bank to reduce the gross incidence of impaired receivables on total receivables from 7.53% in 2023 to 5.42% planned for 2026, also through the Bank's plan for disposals cadenced over the three fiscal periods covered by the Plan.
During the 2023 fiscal year, the incidence of impaired receivables on total receivables decreased from 8.35% to 7.53% due to the effect of the completion of the programmed transfer transaction during the last quarter of 2023. Specifically:

- On 06/12/2023, the transaction regarding the subscription of shares in the alternative investment fund ("FIA") called the "Fondo Persefone", established by P&G SGR S.p.A. was concluded, for an overall counter-value of € 10.01 million, through the contribution in kind of the right to receive the purchase price of €10.01 million from the disposal of a portfolio of receivables classified as "unlikely to pay" for a counter-value of € 15.30 million, and impairment loss equal to € 3.88 million, to the special purpose vehicle company Caleen SPV. The loss from disposal, entered in line item 100 a) of the income statement, "Gains (losses) from the disposal or repurchase of: financial assets measured at amortised cost" was equal to € 1.72 million.

- On 22/12/2023 the transaction regarding the disposal of receivables classified as non-performing was perfected, for an overall gross exposure of € 21.75 million and n. 199 relations belonging to 120 positions, written-down for € 14.08 million, sold by the Bank to the special purpose vehicle company POPP-1 Srl belonging to the Gruppo Pam Spa at a price of € 3.79 million, with a loss from disposal equal to € 3.79 million, entered in line item 100 a) of the income statement, "Gains (losses) from the disposal or repurchase of: financial assets measured at amortised cost".

Impaired financial assets include receivables classified as non-performing, probable defaults and overdue and/or overdrawn for more than ninety days, in accordance with Bank of Italy regulations and in accordance with IAS/IFRS and European Vigilance provisions. The definition of impaired receivables, as set forth by Bank of Italy in Circular 272/2008 (and subsequent updates) is also consistent with the definition of impaired financial assets contained in the IFRS9 accounting principle, with consequent classification of all impaired receivables within Stage 3. During 2015, Bank of Italy issued the 7th Update of Circular n. 272/2008, which revised previous classifications for impaired credits and introduced the so-called forbearance concept, transposing the definitions introduced by the Implementing Technical Standards (abbreviated to ITS) issued by the European Banking Authority (EBA). The update aims to reduce the existing discretionary margins in accounting and prudential definitions applied in the various member countries, and facilitate data comparability at an EU level.

In particular, the regulations requires the identification, as regards both performing and non-performing loans, call for identification of loan disbursement relations respectively defining the categories of "Forborne performing exposures" (performing loans granted) and "Non-performing exposures with forbearance measures" (impaired loans subject to forbearance).

The regulations define as "forbearance measures" changes to the original contract terms and conditions or total or partial loan refinancing, granted to a debtor who is or is about to enter into difficulty in terms of respecting financial obligations.

In terms of classification of impaired loans, the Bank has also transposed the changes made to definitions introduced by the 7th Update of Bank of Italy Circular n. 272/2008. Specifically, impaired financial assets are divided into the categories "non-performing", "probable default" and "overdue/overdrawn exposures", based on the following criteria:

▪ **Non-performing loans:** the overall on-balance sheet and off-balance sheet exposures vis-à-vis a customer in a state of insolvency (even if not judicially ascertained) or in essentially comparable situations, regardless of any loss forecasts formulated by the bank.

▪ **Probable defaults ("Unlikely to pay"):** classification in this category is, first of all, the result of the Bank's judgment regarding the unlikelihood that, without recourse to measures such as enforcement of guarantees, the debtor fully pays back the credit (the principal and/or the amount of interest payable). This evaluation must be made aside from the presence of any amounts (or instalments) overdue and not paid. Therefore, it is not necessary to wait for an explicit sign of anomaly (failure to pay), if there are elements that imply a situation of probable default on the part of the debtor (for example, a crisis in the borrower's industry sector).

▪ **Impaired overdue and/or overdrawn exposures:** cash loans, other than those classified as non-performing or probable defaults, which, at the date of reference of the notification have been overdue or overdrawn for over 90 days.

On this matter, please note that starting 1 January 2021, for regulatory purposes, the application of the New Definition of Default (DoD) became obligatory, which derives from the implementation of the "RTS on the materiality threshold for credit obligations past due under Article 178 of the CRR (EU Delegated Regulation 2018/171)" and from the correlated EBA guidelines, "EBA Guidelines on the application of the definition of default under Article 178 of the CRR".

The regulations in question, while confirming the basis of default in a delay in payments and in the probable non-fulfilment of obligations on the part of the borrower, also introduces some more stringent criteria for the identification of impaired exposure and for the subsequent re-entry into the in bonis classification. Specifically, the new Definition of Default establishes the criteria for the identification of past due loans, the method for management of the indicators to be considered for the purpose of identifying probable defaults, the specific aspects of retail exposures, and the criteria for the return of a position to the in bonis condition.

In detail, the main novelties introduced, with respect to the regulations previously in force, regard the following areas:

• new definition of past due:

  - Lowering of the "relative" relevance threshold from 5% to 1% (threshold calculated as a ratio between the past due and/or overdue amount and the overall exposure of the customer, both determined at a Banking Group level, without offset of any margins available from other credit lines);
  - Introduction of an "absolute" relevance threshold, differentiated by type of exposure (100 euro for retail and 500 euro for non-retail, to be compared to the overall past due and/or overdue amount of the borrower);
  - Classification of a borrower as default (NPE) on exceeding both the relevance thresholds for 90 consecutive days;

• introduction of a period of observation of at least 3 months for reclassification as performing for borrowers previously classified as defaults (Non Performing Exposure) who settle their positions;
• classification of a borrower as default in a uniform manner at a Banking Group level, that is, for all active credit obligations vis-à-vis all the companies in the Group;
• classification of a borrower as default if the credit restructuring entails a reduced financial obligation, greater than 1% with respect to the previous one (i.e. Δ NPV > 1%);
• introduction of new rules for the propagation/evaluation of the propagation of the default condition of a position, based on the connection that exists with other positions that have become non-performing;
• impossibility on the Bank's part to offset existing past due/overdue amounts on certain credit lines of the borrower, with other credit lines that have been opened and not used by the same borrower (so-called available margins).
The criteria introduced by the supervisory regulation have affected the accounting classification of impaired credit exposures (Stage 3), in that the vigilance provisions are deemed consistent with the accounting regulations provided for by IFRS 9, in terms of objective evidence of impairment.
Within the scope of the three categories of impaired loans, in conformity with the regulations, "Non-performing exposures with forbearance measures" are identified).
Therefore, the classification "forborne non-performing" is not a category of impaired loans in itself, but is instead an additional attribution, applicable to positions in any one of the above-mentioned three categories.
Information regarding impaired loans has been integrated into the information technology system with the aid of specific instruments that support management of irregular exposures and track their conditions.
Based on specific irregularity indicators, monitored by means of both information technology procedures and internal evaluations, and in light of the provisions contained in specific internal regulations that govern exposure classification and variations of the relative exposure "status", the Credit Control Office monitors the risk classification of exposure positions and formulates proposals to the corporate structures of reference for possible status changes or recalculation of expected loss.
With respect to in bonis loans, for management purposes, the Bank has defined the sub-class of credits called Bonis C (watch list), Bonis D (forborne performing under probation) and Bonis E (forborne performing under probation, ex cure period), in which exposures showing a not fully regular trend are classified.
The Problem Debts Management Office is responsible for managing positions classified as probable defaults, promoting initiatives aimed at safeguarding the Bank's credit claims.
Non-performing loans are managed by the Legal and Litigation Services office, which evaluate the actions to be taken to maximize credit recovery, also taking action vis-à-vis any guarantors and realising any guarantees.
Exposures classified in Stage 3 are classified in the various risk conditions and, consequently, subjected to an analytical or flat-rate analysis. The value adjustments on Stage 3 exposures reflect the expected loss calculated over a time frame equal to the entire life of the respective exposure. Within the framework of its evaluation policies, the Group has used assessment processes and methods characterised by subjective and estimation elements for some variables such as, mainly, expected cash flows, expected recovery times and the likely realizable value of guarantees, where present, which, if modified, could vary the final recoverable value; this determination was based on the use of information available at the date of assessment, taking into due account the possible effects of the pandemic crisis. Impaired receivables that are considered "in bonis" for an amount that is lower than a pre-set threshold, for which there is no objective evidence of expected loss, are not subjected to the flat-rate analysis, which entails the statistical calculation of expected loss and therefore of the respective value adjustments for homogenous categories of exposures (defined based on the counterparty segment and the technical type of the instrument). Analytical impairment loss, however, must still be assessed whenever there is objective evidence of degradation which requires a precise analysis.
Specifically, with respect to the concept of significance expounded in the current accounting principles, impaired overdue exposures and probable default exposures for individual amounts lower than the threshold of significance set at € 300,000 were subjected to impairment using the flat-rate method.
The evaluation of non-performing exposures is updated periodically in order to allow for timely transposition of any events that may modify prospects for credit recovery.
Non-performing loans are evaluated analytically, that is, based on an accurate study of the recoverability of each position, taking into account all elements that may be useful in terms of defining the probability of repayment.
The evaluation of exposures classified as probable defaults is updated in order to allow for timely transposition of any events that may modify prospects for credit recovery, and ascertain whether they meet the requirements for transfer to impairment:
The following value adjustments are applied to this category:

- For exposures greater than the € 300,000 threshold, analytically;
- For exposures less than or equal to the € 300,000 threshold, for which there is no objective evidence of loss, using the flat-rate method in similar types of exposures.

The evaluation is aimed at calculating any expected losses, while taking into account that exposures are classified in this risk class based on the Bank's assessment of the unlikelihood that, without recourse to measures such as the enforcement of guarantees, the borrower will meet payment obligations fully; evidently, this evaluation must be made regardless of any amounts (or instalments) overdue or not.
Therefore, as regards cases of positions classified as probable defaults, the presumed value of repayment of the receivable is estimated by evaluating the capacity of the borrower to meet all repayment obligations, measured on the basis of all the information available regarding the borrower's financial and economic situation, and the value of any existing collateral underlying the receivable/s in question.
The salvage value is determined, based on the foreseen recovery strategy (distinguishing between management for "business continuity" and management "for disposal"), that reflects the overall degree of risk, by evaluating the capacity to generate cash flows sufficient for repayment and/or on the mere enforcement of collateral and guarantees.
For exposures less than or equal to the € 300,000 threshold, for which there is no objective evidence of loss, value write-downs are calculated using the flat-rate method for similar types of exposures.
Exposures classified ad overdue/overdrawn, for which there is no objective evidence of loss, are evaluated using the flat-rate method for similar types of exposures.
The flat-rate method estimation entails a statistical calculation of expected loss and, therefore, of the respective write-downs in value.

3.2 Write-off
As regards impaired receivables, the Bank writes off/derecognises – in whole or in part - uncollectable accounting entries (so-called write-off) and consequently allocates the residual unadjusted amount to losses in the following cases:
a) non-recoverability of the receivable, resulting from certain and specific elements (such as, for example, borrower is untraceable or destitute, failed recovery from enforcement action on movable and immovable property, negative foreclosures, insolvency procedures terminated with incomplete recovery for the Bank, if there are no additional guarantees that may be enforced, etc.);
b) debt waiver, following unilateral remission of the loan or residual amount pursuant to agreements;
c) transfer of receivables.
In some circumstances, it also becomes necessary to partially write off gross receivables in order to adjust them to the Bank's effective interests. This is the case, for example, in the event of measures that are not under appeal, within the scope of insolvency procedures, based on which a receivable amount lower than the book amount is recognised as due.
Furthermore, the Bank has provided for the possibility, on an annual basis, of defining portfolios of impaired receivables to be written off, partially or totally, which collectively have the following macro-characteristics:

- hedging percent > 95%
- average seniority (intended as the period of time passed in a "non-performing" conditions) greater than 6 years.

During the 2023 fiscal year, the booked write-offs on unsold non performing positions for approximately € 23 million.

3.3 Impaired financial assets purchased or originated
Based on the IFRS9 accounting principle, receivables that are considered already impaired on initial recognition in the balance sheet, due to the respective high risk level, are defined as Purchased or Originated Credit Impaired Asset (POCI). These receivables, if they fall within the scope of application of impairment pursuant to IFRS9, are measured by allocating – starting from initial recognition – a provision to hedge losses for the entire residual life of the credit (so-called Expected Credit Loss Lifetime). As these are impaired receivables, they must be initially classified in Stage 3, although they may be moved, during their lifetime, to Stage 2 if they are considered no longer impaired based on the credit risk analysis.
The Group identifies as "Impaired purchased or originated financial assets":
• credit exposures already impaired at the moment of purchase, and;
• credit exposures originated in the event of restructuring transaction of impaired exposures that determined the disbursement of new funding, or introduced substantial changes to the original contract conditions.

4. Financial assets subject to commercial renegotiation and exposures covered by forbearance
On 27/01/2020 the new Policy for the management of exposures covered by forbearance (Forbearance Policy), last updated during the meeting of the Board of Directors held on 27/10/2022, was approved.
Regulations implemented by the Bank provide for clear lines being drawn between commercial renegotiation measures and forbearance on existing loans (so-called forbearance measures).
Commercial renegotiations aim to consolidate the relation with the borrower counterparty who, on in-depth assessment, is nonetheless capable of timely fulfilment of all financial obligations originally taken on.
Instead, a forbearance measure is a variation of contract terms in favour of borrower customers who, even if as a result of temporary events, are no longer capable of meeting the financial obligations originally agreed upon. Therefore, ascertained financial difficulty is a decisive requirement to qualify changes in the value, times and terms of credit

repayment, as forbearance measures. The subjective assessment (judgmental) of the customer on the part of the credit manager is supported by any objective anomalies in the credit exposure detected by the system. Objective financial difficulty is always subjected to a subsequent subjective assessment, which may result in the confirmation of the exclusion of the existence of financial difficulties. The subjective evaluation is nonetheless carried out, regardless of the observance of objective irregularities.
Financial difficulty is considered confirmed if the counterparty is classified as non-performing.
Approval of a forbearance measure:

- involves the completion of procedures that implicate an assessment aimed at verifying the efficacy of the measure in question for the purpose of re-establishing the borrower's autonomous compliant conduct, without the need for further, subsequent support, returning the exposure to a situation of sustainable repayment and, as regards non-performing loans, with the key objective of laying the bases for return to in bonis status. The analysis in question is made up of various stages that elaborate both objective and subjective information;
- involves qualifying the position involved in the measure in question as forborne. A performing counterparty that receives forbearance may conserve the administrative conditions. Nevertheless, the obligation must be met for the entire time that the credit exposure to which forbearance has been applied is qualified as forborne.

When the forbearance measure is perfected, a monitoring period begins, which is called, based on the case, Probation Period (two years of forborne performing exposures) and Cure Period (one year for forborne non-performing exposures). At the end of these periods of time, the possibility of improving the classification of the status or, for performing exposures, the cancellation of the qualification as forborne, may be taken into consideration, but only if the borrower's conduct is compliant and all the conditions provided for by the reference regulations are met.
The above being given, please note that if the contract modifications granted to customers are considered "substantial", based on differentiation for commercial modifications and modifications resulting from forbearance measures, they may result in derecognition of the financial asset from the balance sheet and re-recognition of a new asset (so-called "derecognition accounting"). In this situation, and specifically as regards positions that pass the SPPI test, for the purpose of impairment, the Bank considers the date of initial recognition as the date on which the asset is modified. To the contrary, as regards contract modifications that are considered "not substantial", and therefore not subject to "derecognition accounting", for the purpose of impairment, the Group considers the date of initial recognition as the date on which the instrument is originated.

Quantitative information

Banca Cambiano 1884 S.p.A impaired receivables from customers measured at amortised cost amount to a gross value of € 236.7 million, to which specific value adjustments have been made, for € 92.8 million for a resulting net value of € 143.9 million.
Banca Cambiano 1884 S.p.A. in bonis receivables from customers measured at amortised cost amount to a gross value € 2,908.1 million, to which portfolio adjustments have been made, for € 16.4 million, for a resulting net value of € 2,891.7 million, showing a hedging ratio of 0.56%. Of these, receivables from customers for in bonis loans at greater risk are essentially classified as so-called "second stage" positions, and are equal to € 303 million gross value, with a hedging of 2.84%.
Quantitative information relative to the Bank's credit portfolio is illustrated here following.

A. Credit quality

A.1 Impaired and in bonis credit exposures: amounts, value adjustments, dynamics and economic distribution

A.1.1 Distribution of financial assets by portfolio to which they belong and by quality of credit (balance sheet values)

Portfolios/quality	Non-performing loans	Probable defaults	Impaired overdue positions	In bonis overdue positions	Other in bonis positions	Total at 31/12/2023
1. Financial assets measured at amortised cost	47,750	81,805	14,386	57,127	3,300,713	3,501,781
2. Financial assets measured at fair value with impact on total profits	0	0	0	0	460,627	460,627
3. Financial assets measured at fair value	0	0	0	0	0	0
4. Financial assets obligatorily measured at fair value	0	0	0	0	71,863	71,863
5. Financial assets in the course of divestment	0	0	0	0	0	0
Total at 31/12/2023	**47,750**	**81,805**	**14,386**	**57,127**	**3,833,203**	**4,034,271**
Total at 31/12/2022	**53,391**	**104,205**	**10,952**	**30,680**	**4,214,570**	**4,413,798**

Notes:
The table shows the classification by credit quality for the entire portfolio of financial assets, with the exception of equity instruments and of shares in mutual funds, equal to 40,043 thousand euro.

The values shown are the balance sheet values, net of the relative write-downs.

A.1.2 Distribution of financial assets by type of portfolio to which they belong and by credit quality (gross and net values)

Portfolios/quality	Impaired assets				In bonis assets			Total (net exposure)
	Gross exposure	Overall value adjustments	Net exposure	Overall partial write-offs	Gross exposure	Overall value adjustments	Net exposure	
1. Financial assets measured at amortised cost	236,773	92,831	143,941	0	3,374,492	16,652	3,357,840	**3,501,781**
2. Financial assets measured at fair value with impact on total profits	0	0	0	0	460,893	267	460,627	**460,627**
3. Financial assets measured at fair value	0	0	0	0	0	0	0	**0**
4. Financial assets obligatorily measured at fair value	0	0	0	0	0	0	71,863	**71,863**
5. Financial assets in the course of divestment	0	0	0	0	0	0	0	**0**
Total at 31/12/2023	**236,773**	**92,831**	**143,941**		**3,835,385**	**16,919**	**3,890,330**	**4,034,271**
Total at 31/12/2022	**282,632**	**114,083**	**168,549**	**0**	**4,191,896**	**20,018**	**4,245,249**	**4,413,798**

Notes:
The table shows classification by type of receivable of the entire portfolio of financial assets, with the exception of equity instruments and shares of mutual funds amounting to 40,043 thousand euro.

A.1.2 bis Distribution of credit exposure by assets with poor credit quality

Portfolio quality	Assets with evidently poor credit quality		Other assets
	Cumulative losses	Net exposure	Net exposure
1. Financial assets held for trading	0	0	84,560
2. Hedges	0	0	0
Total at 31/12/2023	**0**	**0**	**84,560**
Total at 31/12/2022	**0**	**0**	**67,202**

A.1.3 Distribution of financial assets by time overdue (balance sheet values)

Portfolios/Risk stages	First stage			Second stage			Third stage			Impaired purchased or originated		
	From 1 to 90 days	Over 30 days and up to 90 days	Over 90 days	From 1 to 90 days	Over 30 days and up to 90 days	Over 90 days	From 1 to 90 days	Over 30 days and up to 90 days	Over 90 days	From 1 to 90 days	Over 30 days and up to 90 days	Over 90 days
1. Financial assets measured at amortised cost	16,223	0	0	12,704	19,605	642	5,867	4,143	86,181	0	1,208	41
2. Financial assets measured at fair value with impact on total profits	0	0	0	0	0	0	0	0	0	0	0	0
3. Financial assets in the course of divestment	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL AT 31/12/2023	**16,223**	**0**	**0**	**12,704**	**19,605**	**642**	**5,867**	**4,143**	**86,181**	**0**	**1,208**	**41**
TOTAL AT 31/12/2022	**11,467**	**372**	**0**	**3,539**	**13,185**	**236**	**2,261**	**10,783**	**98,587**	**0**	**0**	**159**

Notes:
The values shown are the balance sheet values net of the respective existing doubts.

A.1.4 Financial assets, commitments to disburse funds and issued financial guarantees: dynamics of overall value adjustments and of total provisions – part 1

Causal factors/risk stages	Overall value adjustments					
	Assets classified in stage one					
	Demand receivables from banks and central banks	FA measured at amortised cost	FA measured at fair value with impact on total profits	FA in the course of divestment	of which: individual write-downs	of which: collective write-downs
Initial overall adjustments	**0**	**6,213**	**470**	**0**	**677**	**6,006**
Value increases from financial assets purchased or originated	0	0	0	0	0	0
Derecognition other than write-offs	0	0	0	0	0	0
Net adjustments/write-backs due to impairment (+/-)	0	1,757	-209	0	-230	1,778

Causal factors/risk stages	Overall value adjustments					
	Assets classified in stage one					
	Demand receivables from banks and central banks	FA measured at amortised cost	FA measured at fair value with impact on total profits	FA in the course of divestment	of which: individual write-downs	of which: collective write-downs
Contract modifications without derecognition	0	0	0	0	0	0
Changes in the method of estimation	0	0	0	0	0	0
Write-offs not recognised directly in the income statement	0	0	0	0	0	0
Variations of value	0	0	0	0	0	0
Final overall adjustments	**0**	**7,971**	**261**	**0**	**447**	**7,784**
Recoveries from collection on financial assets written-off	**0**	**0**	**0**	**0**	**0**	**0**
Write-offs recognised directly in the income statement	**0**	**0**	**0**	**0**	**0**	**0**

A.1.4 Financial assets, commitments to disburse funds and issued financial guarantees: dynamics of overall value adjustments and of total provisions – part 2

Causal factors/risk stages	Overall value adjustments					
	Assets classified in stage two					
	Demand receivables from banks and central banks	FA measured at amortised cost	FA measured at fair value with impact on total profits	FA in the course of divestment	of which: individual write-downs	of which: collective write-downs
Initial overall adjustments	**0**	**13,310**	**22**	**0**	**190**	**13,143**
Value increases from financial assets purchased or originated	0	0	0	0	0	0
Derecognition other than write-offs	0	0	0	0	0	0
Net adjustments/write-backs due to impairment (+/-)	0	-4,635	-16	0	-113	-4,538
Contract modifications without derecognition	0	0	0	0	0	0
Changes in the method of estimation	0	0	0	0	0	0
Write-offs not recognised directly in the income statement	0	0	0	0	0	0
Variations of value	0	0	0	0	0	0
Final overall adjustments	**0**	**8,675**	**6**	**0**	**76**	**8,605**
Recoveries from collection on financial assets written-off	**0**	**0**	**0**	**0**	**0**	**0**
Write-offs recognised directly in the income statement	**0**	**0**	**0**	**0**	**0**	**0**

A.1.4 Financial assets, commitments to disburse funds and issued financial guarantees: dynamics of overall value adjustments and of total provisions – part 3

Causal factors/risk stages	Overall value adjustments					
	Assets classified in stage three					
	Demand receivables from banks and central banks	FA measured at amortised cost	FA measured at fair value with impact on total profits	FA in the course of divestment	of which: individual write-downs	of which: collective write-downs
Initial overall adjustments	**0**	**113,900**	**0**	**0**	**113,900**	**0**
Value increases from financial assets purchased or originated	0	0	0	0	0	0
Derecognition other than write-offs	0	0	0	0	0	0
Net adjustments/write-backs due to impairment (+/-)	0	21,170	0	0	21,170	0
Contract modifications without derecognition	0	0	0	0	0	0
Changes in the method of estimation	0	0	0	0	0	0
Write-offs not recognised directly in the income statement	0	-22,966	0	0	-22,966	0
Variations of value	0	-19,273	0	0	-19,273	0
Final overall adjustments	**0**	**92,831**	**0**	**0**	**92,831**	**0**

Causal factors/risk stages	Overall value adjustments					
	Assets classified in stage three					
	Demand receivables from banks and central banks	FA measured at amortised cost	FA measured at fair value with impact on total profits	FA in the course of divestment	of which: individual write-downs	of which: collective write-downs
Recoveries from collection on financial assets written-off	**0**	**0**	**0**	**0**	**0**	**0**
Write-offs recognised directly in the income statement	**0**	**0**	**0**	**0**	**0**	**0**

A.1.4 Financial assets, commitments to disburse funds and issued financial guarantees: dynamics of overall value adjustments and of total provisions – part 4

Causal factors/risk stages	Overall value adjustments				
	Impaired financial assets purchased or originated				
	Demand receivables from banks and central banks	FA measured at amortised cost	FA measured at fair value with impact on total profits	FA in the course of divestment	of which: individual write-downs
Initial overall adjustments	**186**	**0**	**0**	**183**	**3**
Value increases from financial assets purchased or originated	0	0	0	0	0
Derecognition other than write-offs	0	0	0	0	0
Net adjustments/write-backs due to impairment (+/-)	1,209	0	0	1,206	4
Contract modifications without derecognition	0	0	0	0	0
Changes in the method of estimation	0	0	0	0	0
Write-offs not recognised directly in the income statement	0	0	0	0	0
Variations of value	0	0	0	0	0
Final overall adjustments	**1,395**	**0**	**0**	**1,389**	**7**
Recoveries from collection on financial assets written-off	**0**	**0**	**0**	**0**	**0**
Write-offs recognised directly in the income statement	**0**	**0**	**0**	**0**	**0**

A.1.4 Financial assets, commitments to disburse funds and issued financial guarantees: dynamics of overall value adjustments and of total provisions – part 5

Causal factors/risk stages	Total provisions for commitments to disburse funds and issued financial guarantees			Total
	First stage	Second stage	Third stage	
Initial overall adjustments	**329**	**198**	**1,449**	**136,078**
Value increases from financial assets purchased or originated	0	0	0	0
Derecognition other than write-offs	0	0	0	0
Net adjustments/write-backs due to impairment (+/-)	-64	-161	346	19,399
Contract modifications without derecognition	0	0	0	0
Changes in the method of estimation	0	0	0	0
Write-offs not recognised directly in the income statement	0	0	0	-22,966
Variations of value	0	0	0	-19,273
Final overall adjustments	**265**	**38**	**1,796**	**113,238**
Recoveries from collection on financial assets written-off	**0**	**0**	**0**	**0**
Write-offs recognised directly in the income statement	**0**	**0**	**0**	**0**

A.1.5 Financial assets, commitments to disburse funds and issued financial guarantees: transfers between the various risk stages (gross and nominal values)

Portfolios/risk stages	Gross values / Nominal value					
	Transfers between first stage and second stage		Transfers between second stage and third stage		Transfers between first stage and third stage	
	From 1st stage to 2nd stage	From 2nd stage to 1st stage	From 2nd stage to 3rd stage	From 3rd stage to 2nd stage	From 1st stage to 3rd stage	From 3rd stage to 1st stage
1. Financial assets measured at amortised cost	119,706	75,034	10,861	2,499	11,400	1,948
2. Financial assets measured at fair value with impact on total profits	0	0	0	0	0	0
3. Financial assets in the course of divestment	0	0	0	0	0	0

Portfolios/risk stages	Gross values / Nominal value					
	Transfers between first stage and second stage		Transfers between second stage and third stage		Transfers between first stage and third stage	
	From 1st stage to 2nd stage	From 2nd stage to 1st stage	From 2nd stage to 3rd stage	From 3rd stage to 2nd stage	From 1st stage to 3rd stage	From 3rd stage to 1st stage
4. Commitments to disburse funds and issued financial guarantees	28,107	26,520	7,689	646	5,005	68
Total at 31/12/2023	**147,813**	**101,554**	**18,550**	**3,145**	**16,404**	**2,015**
Total at 31/12/2022	**157,996**	**78,377**	**53,602**	**6,046**	**53,606**	**759**

Notes:
Transfers between stages include flows recorded for loans measured at amortised cost existing at the date of reference of the balance sheet, that constitute new liquidity granted through government-backed loan mechanisms during the COVID-19 period, in the form of ‘New loans’. Transfers between stages made during the fiscal period are shown in the table below.

Transfers between stages	Gross values
from 1 to 2	22,223
from 2 to 1	14,604
from 1 to 3	6,606
from 3 to 1	445
from 2 to 3	3,946
from 3 to 2	53

A.1.6 Cash and off-balance sheet exposures to banks: gross and net values

Type of exposure/values	Gross exposure					Overall value adjustments and total provisions					Net exposure	Overall partial write-offs (*)
		First stage	Second stage	Third stage	Impaired purchased or originated		First stage	Second stage	Third stage	Impaired purchased or originated		
A. Cash credit exposures												
A.1 Demand	325,551	325,551	0	0	0	0	0	0	0	0	325,551	0
a) Impaired	0	X	0	0	0	0	X	0	0	0	0	0
b) In bonis	325,551	325,551	0	X	0	0	0	0	X	0	325,551	0
A.2 Other	110,869	90,670	0	0	0	227	227	0	0	0	110,642	0
a) Non-performing loans	0	X	0	0	0	0	X	0	0	0	0	0
- of which: subject to forbearance	0	X	0	0	0	0	X	0	0	0	0	0
b) Probable defaults	0	X	0	0	0	0	X	0	0	0	0	0
- of which: subject to forbearance	0	X	0	0	0	0	X	0	0	0	0	0
c) Impaired overdue positions	0	X	0	0	0	0	X	0	0	0	0	0
- of which: subject to forbearance	0	X	0	0	0	0	X	0	0	0	0	0
d) In bonis overdue positions	0	0	0	X	0	0	0	0	X	0	0	0
- of which: subject to forbearance	0	0	0	X	0	0	0	0	X	0	0	0
e) Other in bonis positions	110,869	90,670	0	X	0	227	227	0	X	0	110,642	0
- of which: subject to forbearance	0	0	0	X	0	0	0	0	X	0	0	0
TOTAL A	**436,420**	**416,220**	**0**	**0**	**0**	**227**	**227**	**0**	**0**	**0**	**436,193**	**0**
B. Off-balance sheet exposures												
a) Impaired	0	X	0	0	0	0	X	0	0	0	0	0
b) In bonis	13,295	13,097	0	X	0	0	0	0	X	0	13,295	0
TOTAL B	**13,295**	**13,097**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**13,295**	**0**
TOTAL A + B	**449,715**	**429,317**	**0**	**0**	**0**	**227**	**227**	**0**	**0**	**0**	**449,488**	**0**

Notes:
The table shows the breakdown by credit quality of exposures to banks. Specifically, all financial assets related to exposures with banks from balance sheet line items "20 - Financial assets held for trading”, "30 - Financial assets measured at fair value with impact on total profits" and "40 - Financial assets measured at amortised cost a) receivables from banks". The table does not include equity investments and shares in mutual funds for a total of 40,662 thousand euro and securities issued by non-bank counterparties for 589,067 thousand euro.

A.1.7 Cash and off-balance sheet exposures to customers: gross and net values – part 1

Type of exposure/values	Gross exposure				
		First stage	Second stage	Third stage	Impaired purchased or originated
A. Cash credit exposures					
a) Non-performing loans	95,016	X	0	95,016	0
- of which: subject to forbearance	0	X	0	0	0
b) Probable defaults	125,958	X	0	121,185	4,774
- of which: subject to forbearance	78,192	X	0	75,370	2,822
c) Impaired overdue positions	15,798	X	0	15,798	0
- of which: subject to forbearance	0	X	0	0	0
d) In bonis overdue positions	50,302	16,314	33,988	X	0
- of which: subject to forbearance	6,930	0	6,930	X	0
e) Other in bonis positions	3,830,356	3,492,836	268,495	X	476
- of which: subject to forbearance	59,737	0	59,562	X	175
TOTAL A	**4,117,431**	**3,509,150**	**302,482**	**231,999**	**5,249**
B. Off-balance sheet exposures					
a) Impaired	18,626	X		18,626	

Type of exposure/values	Gross exposure				
		First stage	Second stage	Third stage	Impaired purchased or originated
b) In bonis	943,801	788,829	72,261	X	
TOTAL B	**962,426**	**788,829**	**72,261**	**18,626**	
TOTAL A + B	**5,079,857**	**4,297,979**	**374,743**	**250,624**	**5,249**

A.1.7 Cash and off-balance sheet exposures to customers: gross and net values – part 2

Type of exposure/values	Overall value adjustments and total provisions					Net exposure	Overall partial write-offs (*)
		First stage	Second stage	Third stage	Impaired purchased or originated		
A. Cash credit exposures							0
a) Non-performing loans	47,266	X	0	47,266	0	47,750	0
- of which: subject to forbearance	0	X	0	0	0	0	0
b) Probable defaults	44,153	X	0	42,765	1,389	81,805	0
- of which: subject to forbearance	31,033	X	0	30,238	795	47,159	0
c) Impaired overdue positions	1,412	X	0	1,412	0	14,386	0
- of which: subject to forbearance	0	X	0	0	0	0	0
d) In bonis overdue positions	1,128	91	1,036	X	0	49,174	0
- of which: subject to forbearance	161	0	161	X	0	6,768	0
e) Other in bonis positions	15,902	7,989	7,568	X	7	3,814,455	0
- of which: subject to forbearance	1,847	0	1,842	X	5	57,890	0
TOTAL A	**109,861**	**8,081**	**8,605**	**91,443**	**1,395**	**4,007,570**	**0**
B. Off-balance sheet exposures							
a) Impaired	1,796	X	0	1,796		16,830	0
b) In bonis	303	265	39	X		943,497	0
TOTAL B	**2,099**	**265**	**39**	**1,796**	**0**	**960,327**	**0**
TOTAL A + B	**111,960**	**8,345**	**8,644**	**93,239**	**1,395**	**4,967,897**	**0**

Notes:
The table shows, with reference to customer positions, the breakdown by credit quality. Specifically, it shows financial assets from exposure with customers from line items "20 - Financial assets measured at fair value with impact on profit and loss account", "30 - Financial assets measured at fair value with impact on total profits" and "40 Financial assets measured at amortised cost b) receivables from customers" of the balance sheet. The table does not include equity investments and shares in mutual funds for 40,662 thousand euro and securities issued by banks for 27,365 thousand euro. Cash credit exposures include loans existing at the date of reference of the balance sheet, that constitute new liquidity granted through government-backed loan mechanisms during the COVID-19 period.

The table below shows, for the various categories of assets (impaired/in bonis), the gross exposure and the overall value adjustments

Type of exposure/values	Gross exposure	Overall value adjustments
Impaired positions	**23,698**	**4,793**
a) Non-performing loans	0	0
b) Probable defaults	15,282	4,389
c) Impaired overdue positions	8,416	404
In bonis exposures	**405,840**	**1,157**
d) In bonis receivables - stage 2	58,594	568
e) In bonis receivables - stage 1	347,247	588
Overall total	**429,538**	**5,950**

A.1.9 Cash credit exposures to customers: dynamics of gross impaired positions

Causal factors/Categories	Non-performing loans	Probable defaults	Impaired overdue positions
A. Initial gross exposure	**122,035**	**148,669**	**11,928**
- of which: accounts disposed of but not derecognised	0	0	0
B. Additions			
B.1 entries from in bonis receivables	15,285	12,997	13,089
B.2 entries from impaired financial assets purchased or originated	0	0	0
B.3 transfers from other categories of impaired exposures	18,741	2,365	29
B.4 contract modifications without derecognition	0	0	0
B.5 Other additions	0	4,995	44
C. Reductions	0	0	0
C.1 transfers to in bonis receivables	0	5,226	969
C.2 write-offs	22,966	0	0
C.3 collections	14,540	8,893	811
C.4 income from disposals	17,960	13,894	0
C.5 losses from disposals	3,793	1,721	0
C.6 transfers to other categories of impaired exposures	287	13,335	7,513

Causal factors/Categories	Non-performing loans	Probable defaults	Impaired overdue positions
C.7 contract modifications without derecognition	0	0	0
C.8 Other reductions	1,498	0	0
D. Final gross exposure	**95,016**	**125,958**	**15,798**
- of which: accounts disposed of but not derecognised	0	0	0

Notes:
Line items C.4 and C.5 show the *pro-soluto* disposal transaction of a portfolio of impaired receivables perfected by the Bank during the fiscal year.

A.1.9 bis Cash credit exposures to customers: dynamics of gross forbearance exposures subdivided by credit quality

Causal factors/Categories	Subject to forbearance: impaired	Subject to forbearance: in bonis
A. Initial gross exposure	**83,577**	**68,160**
- of which: accounts disposed of but not derecognised	0	0
B. Additions	**12,659**	**17,792**
B.1 entries from in bonis receivables without forbearance	438	14,956
B.2 entries from in bonis receivables with forbearance	3,028	0
B.3 entries from impaired receivables with forbearance	0	2,041
B.4 entries from impaired receivables without forbearance	0	0
B.5 Other additions	9,193	794
C. Reductions	**18,044**	**19,285**
C.1 transfers to in bonis receivables without forbearance	0	11,414
C.2 transfers to in bonis receivables with forbearance	2,283	0
C.3 transfers to impaired receivables with forbearance	0	3,532
C.4 write-offs	0	0
C.5 collections	0	0
C.6 income from disposals	0	0
C.7 losses from disposals	0	0
C.8 Other reductions	15,761	4,338
D. Final gross exposure	**78,192**	**66,667**
- of which: accounts disposed of but not derecognised	0	0

A.1.11 Impaired cash exposures to customers: dynamics of overall value adjustments

Causal factors/Categories	Non-performing loans		Probable defaults		Impaired overdue positions	
	Total	of which: subject to forbearance	Total	of which: subject to forbearance	Total	of which: subject to forbearance
A. Initial overall adjustments	68,643	0	44,467	30,067	976	0
- of which: accounts disposed of but not derecognised	0	0	0	0	0	0
B. Additions						
B.1 value adjustments da impaired financial assets purchased or originated	0	0	0	0	0	0
B.2 other value adjustments	36,343	0	6,179	967	1,111	0
B.3 losses from disposals	0	0	0	0	0	0
B.4 transfers from other categories of impaired exposures	3,173	0	236	0	11	0
B.5 contract modifications without derecognition	0	0	0	0	0	0
B.6 Other additions	0	0	0	0	1,125	0
C. Reductions	0	0	0	0	0	0
C.1 write-backs of value from measurements	18,685	0	3,078	0	700	0
C.2 write-backs of value from collections	0	0	0	0	0	0
C.3.gains from disposal	0	0	0	0	0	0
C.4 write-offs	22,966	0	0	0	0	0
C.5 transfers to other categories of impaired exposures	50	0	2,837	0	533	0
C.6 contract modifications without derecognition	0	0	0	0	0	0
C.7 Other reductions	19,192	0	814	0	578	0
D. Final overall adjustments	**47,266**	**0**	**44,153**	**31,033**	**1,412**	**0**
- of which: accounts disposed of but not derecognised	0	0	0	0	0	0

A.2 Classification of exposures based on internal and external ratings
A.2.1 Distribution of cash and off-balance sheet exposures by classes of external rating

Exposures	Classes of external rating						Without rating	Total at 31/12/2023
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
A. Financial assets measured at amortised cost								
- First stage	0	0	383,003	0	0	0	2,684,778	3,067,781
- Second stage	0	0	0	709	3,044	0	302,482	306,235
- Third stage	0	0	0	0	0	0	231,999	231,999

Exposures	Classes of external rating						Without rating	Total at 31/12/2023
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6		
- Impaired purchased or originated	0	0	0	0	0	0	5,249	5,249
B. Financial assets measured at fair value with impact total profits								
- First stage	0	0	458,397	0	0	0	0	458,397
- Second stage	0	0	0	2,497	0	0	0	2,497
- Third stage	0	0	0	0	0	0	0	0
-Impaired purchased or originated	0	0	0	0	0	0	0	0
C. Financial assets in the course of divestment								
- First stage	0	0	0	0	0	0	0	0
- Second stage	0	0	0	0	0	0	0	0
- Third stage	0	0	0	0	0	0	0	0
-Impaired purchased or originated	0	0	0	0	0	0	0	0
Total (A + B + C)	**0**	**0**	**841,399**	**3,206**	**3,044**	**0**	**3,224,509**	**4,072,158**
D. Commitments to disburse funds and issued financial guarantees								
- First stage	0	0	0	0	0	0	869,097	869,097
- Second stage	0	0	0	0	0	0	72,261	72,261
- Third stage	0	0	0	0	0	0	18,626	18,626
- impaired purchased or originated	0	0	0	0	0	0	0	0
Total (D)	**0**	**0**	**0**	**0**	**0**	**0**	**959,984**	**959,984**
Total (A + B + C + D)	**0**	**0**	**841,399**	**3,206**	**3,044**	**0**	**4,184,492**	**5,032,141**

Class 1 = AAA/AA-
Class 2 = A+/A-
Class 3 = BBB+/BBB-
Class 4 = BB+/BB-
Class 5 = B+/B-
Class 6 = Lower than B-

A.3 Distribution of secured exposures by type of guarantee

A.3.2 Secured credit exposures to customers - part 1

Line items	Gross exposure	Net exposure	Collateral (1)			
			Real property for mortgage	Real property for leases	Securities	Other collateral
1. Secured cash exposures:						
1.1 fully secured	2,172,105	2,110,413	1,502,645	0	20,014	19,479
- of which impaired	162,233	112,316	79,377	0	30	30
1.2 partially secured	326,343	312,708	525	0	15,515	2,576
- of which impaired	29,513	18,129	19	0	0	60
2 Secured off-balance sheet exposures:						
2.1 fully secured	145,174	145,174	3,035	0	264	6,770
- of which impaired	4,184	4,184	115	0	0	164
2.2 partially secured	60,486	60,486	0	0	6,157	1,320
- of which impaired	1,679	1,679	0	0	0	0

A.3.2 Secured credit exposures to customers - part 2

Line items	Personal security (2)									Total (1)+(2)
	Credit derivatives					Endorsement receivables				
	CLN	Other derivatives								
		Central counterparties	Banks	Other financial companies	Other parties	Public administrations	Banks	Other financial companies	Other parties	
1. Secured cash exposures:										
1.1 fully secured	0	0	0	0	0	313,732	1,765	10,917	237,999	**2,106,553**
- of which impaired	0	0	0	0	0	19,881	0	610	12,099	**112,028**
1.2 partially secured	0	0	0	0	0	169,699	0	1,783	70,587	**260,686**

Line items	Personal security (2)									Total (1)+(2)
	Credit derivatives					Endorsement receivables				
	CLN	Other derivatives				Public administrations	Banks	Other financial companies	Other parties	
		Central counterparties	Banks	Other financial companies	Other parties					
- of which impaired	0	0	0	0	0	11,278	0	509	4,463	**16,329**
2 Secured off-balance sheet exposures:										
2.1 fully secured	0	0	0	0	0	17,993	0	516	116,160	**144,737**
- of which impaired	0	0	0	0	0	255	0	227	3,348	**4,108**
2.2 partially secured	0	0	0	0	0	14,498	0	117	15,529	**37,620**
- of which impaired	0	0	0	0	0	676	0	0	560	**1,236**

B. Distribution and concentration of credit exposures

B.1 Sector distribution of off-balance sheet cash credit exposures to customers (Book value) – part 1

Exposures/Counterparties	Public administrations		Financial companies		Financial companies (of which: insurance companies)	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Cash exposures						
A.1 Non-performing loans	0	0	352	341	0	0
- of which: subject to forbearance	0	0	0	0	0	0
A.2 Probable defaults	0	0	980	396	0	0
- of which: subject to forbearance	0	0	0	0	0	0
A.3 Impaired overdue positions	0	0	1	0	0	0
- of which: subject to forbearance	0	0	0	0	0	0
A.4 In bonis exposures	897,271	321	357,021	166	10,410	0
- of which: subject to forbearance	0	0	1,700	6	0	0
TOTAL A	**897,271**	**321**	**358,354**	**904**	**10,410**	**0**
B. Off-balance sheet exposures						
B.1 Impaired positions	0	0	0	0	0	0
B.2 In bonis exposures	976	0	84,882	1	21,789	0
TOTAL B	**976**	**0**	**84,882**	**1**	**21,789**	**0**
TOTAL (A+B) 31/12/2023	**898,247**	**321**	**443,235**	**904**	**32,199**	**0**
TOTAL (A+B) 31/12/2022	**1,004,735**	**551**	**416,373**	**2,058**	**0**	**0**

B.1 Sector distribution of off-balance sheet cash credit exposures to customers (Book value) - part 2

Exposures/Counterparties	Non-finance companies		Families	
	Net exposure	Overall value adjustments	Net exposure	Overall value adjustments
A. Cash exposures				
A.1 Non-performing loans	30,305	39,250	17,094	7,675
- of which: subject to forbearance	0	0	0	0
A.2 Probable defaults	56,683	33,689	24,142	10,068
- of which: subject to forbearance	27,902	22,364	19,257	8,669
A.3 Impaired overdue positions	10,670	1,068	3,715	344
- of which: subject to forbearance	0	0	0	0
A.4 In bonis exposures	1,331,242	11,835	1,278,094	4,707
- of which: subject to forbearance	36,820	1,086	26,139	916
TOTAL A	**1,428,900**	**85,841**	**1,323,045**	**22,795**
B. Off-balance sheet exposures				
B.1 Impaired positions	15,883	1,796	947	0
B.2 In bonis exposures	767,290	293	90,350	10
TOTAL B	**783,173**	**2,089**	**91,296**	**10**
TOTAL (A+B) 31/12/2023	**2,212,073**	**87,930**	**1,414,341**	**22,804**
TOTAL (A+B) 31/12/2022	**2,499,816**	**107,992**	**1,485,389**	**25,486**

B.1 Sector distribution of off-balance sheet cash credit exposures to customers (Book value) – part 3

Exposures/Counterparties	TOTAL	
	Net exposure	Overall value adjustments
A. Cash exposures		
A.1 Non-performing loans	47,750	47,266
- of which: subject to forbearance	0	0

Exposures/Counterparties	TOTAL	
	Net exposure	Overall value adjustments
A.2 Probable defaults	81,805	44,153
- of which: subject to forbearance	47,159	31,033
A.3 Impaired overdue positions	14,386	1,412
- of which: subject to forbearance	0	0
A.4 In bonis exposures	3,863,629	17,030
- of which: subject to forbearance	64,658	2,009
TOTAL A	**4,007,570**	**109,861**
B. Off-balance sheet exposures		
B.1 Impaired positions	16,830	1,796
B.2 In bonis exposures	943,497	303
TOTAL B	**960,327**	**2,099**
TOTAL (A+B) 31/12/2023	**4,967,897**	**111,960**
TOTAL (A+B) 31/12/2022	**5,406,313**	**136,086**

B.2 Territorial distribution of cash and off-balance sheet credit exposures to customers (Book value)

Exposures/Geographical 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. Cash credit exposures										
A.1 Non-performing loans	47.724	47.215	26	51	0	0	0	0	0	0
A.2 Probable defaults	81.805	44.153	0	0	0	0	0	0	0	0
A.3 Impaired overdue positions	14.386	1.412	0	0	0	0	0	0	0	0
A.4 In bonis exposures	3.789.541	16.933	57.054	83	1.327	0	732	1	14.975	12
TOTAL (A)	**3,933,456**	**109,714**	**57,079**	**134**	**1,327**	**0**	**732**	**1**	**14,975**	**12**
B. Off-balance sheet exposures										
B.1 Impaired positions	16,830	1,796	0	0	0	0	0	0	0	0
B.2 In bonis exposures	943,204	303	293	0	0	0	0	0	0	0
TOTAL (B)	**960,034**	**2,099**	**293**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL (A + B) 31/12/2023	**4,893,490**	**111,813**	**57,373**	**134**	**1,327**	**0**	**732**	**1**	**14,975**	**12**
TOTAL (A + B) 31/12/2022	**5,389,102**	**136,008**	**13,854**	**75**	**1,288**	**0**	**731**	**1**	**1,337**	**6**

B.2 Territorial distribution of cash and off-balance sheet credit exposures to customers (Book value) - part 2

Exposures/Geographical areas	TOTAL	
	Net exposure	Overall value adjustments
A. Cash credit exposures		
A.1 Non-performing loans	47,750	47,266
A.2 Probable defaults	81,805	44,153
A.3 Impaired overdue positions	14,386	1,412
A.4 In bonis exposures	3,863,629	17,030
TOTAL (A)	**4,007,570**	**109,861**
B. Off-balance sheet exposures		
B.1 Impaired positions	16,830	1,796
B.2 In bonis exposures	943,497	303
TOTAL (B)	**960,327**	**2,099**
TOTAL (A + B) 31/12/2023	**4,967,897**	**111,960**
TOTAL (A + B) 31/12/2022	**5,406,313**	**136,090**

Notes:
Cash exposures shown in the table (4,007,570 thousand euro) are those measured in the financial statements net of impaired receivables and with evidence of overall value adjustments.
Specifically, table shows all the financial assets regarding customers taken from line items "20 - Financial assets measured at fair value with recognition of income effects through profit and loss", "30 - Financial assets measured at fair value with impact on total profits" and "40 Financial assets measured at amortised cost b) receivables from customers" of the financial statements".
The table does not include equity investments and shares in mutual funds, for 40,662 thousand euro, and securities issued by banks for 27,365 thousand euro.

B.3 Territorial distribution of cash and off-balance sheet exposures to banks (Book value) - part 1

Exposures/Geographical 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. Cash credit exposures										
A.1 Non-performing loans	0	0	0	0	0	0	0	0	0	0
A.2 Probable defaults	0	0	0	0	0	0	0	0	0	0
A.3 Impaired overdue positions	0	0	0	0	0	0	0	0	0	0
A.4 In bonis exposures	363,057	202	58,259	25	2,408	0	178	0	12,292	0
TOTAL (A)	**363,057**	**202**	**58,259**	**25**	**2,408**	**0**	**178**	**0**	**12,292**	**0**
B. Off-balance sheet exposures										
B.1 Impaired positions	0	0	0	0	0	0	0	0	0	0
B.2 In bonis exposures	11,197	0	2,098	0	0	0	0	0	0	0
TOTAL (B)	**11,197**	**0**	**2,098**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL (A + B) 31/12/2023	**374,253**	**202**	**60,357**	**25**	**2,408**	**0**	**178**	**0**	**12,292**	**0**
TOTAL (A + B) 31/12/2022	**125,646**	**316**	**68,104**	**25**	**4,432**	**0**	**222**	**0**	**1,404**	**0**

B.3 Territorial distribution of cash and off-balance sheet exposures to banks (Book value) - part 2

Exposures/Geographical areas	TOTAL	
	Net exposure	Overall value adjustments
A. Cash credit exposures		
A.1 Non-performing loans	0	0
A.2 Probable defaults	0	0
A.3 Impaired overdue positions	0	0
A.4 In bonis exposures	436,193	227
TOTAL (A)	**436,193**	**227**
B. Off-balance sheet exposures		
B.1 Impaired positions	0	0
B.2 In bonis exposures	13,295	0
TOTAL (B)	**13,295**	**0**
TOTAL (A + B) 31/12/2023	**449,488**	**227**
TOTAL (A + B) 31/12/2022	**199,808**	**341**

Notes:

Cash exposures to banks (436,193 thousand euro) are those booked in the financial statements net of impaired receivables. Specifically, the table shows financial assets regarding banks taken from line items "20 - Financial assets measured at fair value with recognition of income effects through profit and loss", "30 - Financial assets measured at fair value with impact on total profits" and "40 Financial assets measured at amortised cost a) receivables from banks" of the financial statements. Equity investment and shares in mutual funds, for 40,662 thousand euro, and securities issue by non-bank counterparties, for 589,067 thousand euro, are not included. Data are distributed territorially based on the country of residence of the counterparty.

B.4 Large risks (according to regulatory legislation)

Line items/values	31/12/2023			31/12/2022		
	Number	Book value	Weighted value	Number	Book value	Weighted value
a. Large exposures	12	2,152,528	267,675	14	2,043,152	335,190
b. Zero weighted risks	4	1,847,682	0	3	1,574,471	0
Total Large exposures (A-B)	**8**	**304,846**	**267,675**	**11**	**468,680**	**335,190**

INFORMATION ON SELF-SECURITISATION TRANSACTIONS – PONTORMO RMBS 2017

Starting at the end of November 2017, Banca Cambiano has been involved as Originator, Servicer and Noteholder in the “Pontormo RMBS 2017” self-securitization transaction (the “Transaction”), with the special purpose vehicle company Pontormo RMBS s.r.l. The exclusive corporate purpose of the latter, registered at n. 35038.9 in the list of securitization vehicles, is the realization of more various securitizations of receivables. During the second semester of 2019, the Transaction was subjected to a restructuring operation (the “Restructuring”) that, in short, consisted in the transfer of a second portfolio of credits by Banca Cambiano and the simultaneous issue of two additional asset-backed securities, a senior Note and a junior Note, with the same characteristics as the previously issued securities. The objectives of the Pontormo RMBS 2017 transaction, the main characteristics of the issued Notes, a selection of quantitative information regarding the 2023 fiscal year and the description of the booking methods in the Bank balance sheet, are illustrated below.

Objectives and structure of the Pontormo RMBS 2017 transaction

The Bank’s objective, in initiating Transaction was to transform part of the assets used (mortgage loans) in an asset backed security type of note (Pontormo RMBS Class A) to be used in a series of activities aimed at further facilitating any needs for liquidity, and specifically:

- to collect short/medium term liquidity through transactions with the Euro system;
- to collect medium term liquidity through REPOs (at 2-3 years);
- to perfect refinancing transactions on the New Collateralised Interbank Market (New Mic);

- If the market opportunity arises, and consistently with the average weighted cost of the Bank's funding, the sale of the ABS on the market.

The transaction was concluded obtaining an ABS instrument (with underlying loans issued by the Bank) with a high credit rating: in fact, on issue, the Note had a rating of AA for S&P and AA- for FITCH, higher than the Italian sovereign debt rating (which was, at the same moment, Baa2 for Moody's, BBB for S&P and BBB for Fitch). On 23/10/2018, Fitch reviewed and raised the rating of the Class "A" securities, increasing it from AA- (rating at issue) to AA, the maximum rating obtainable for Italian structured finance transactions. At the moment of the Restructuring in 2019, both rating agencies confirmed the AA rating for the senior Note issued in 2017 and assigned the same rating to the new senior Note issued within the scope of the Restructuring. At the end of April 2020, following the downgrade by Fitch of the rating for Italy, the agency lowered the rating of senior notes to AA- (the agency policy requires a maximum rating on structured finance transactions 6 notches higher than the sovereign rating of reference, so the downgrading of the notes is due solely to the lowered sovereign rating). Finally, in December 2021, following the rating upgrade for Italy, Fitch revised the rating for the senior notes in question, raising it back to AA. Currently, therefore, the senior notes are rated AA by both S&P and Fitch. Thus, it was possible to transform part of the Bank's assets, which were otherwise not liquid (the real estate mortgage portfolio), into a financial instrument (the two senior notes) that is rated, transparent, held by the ECB, and, potentially tradable. This transaction stands out due to its "multi-originator" nature, in that it involves the participation of Banca di Pisa e Fornacette Credito Cooperativo ("Banca di Pisa e Fornacette") along with Banca Cambiano. Each Bank, by means of an initial sales contract stipulated on 14 November 2017, sold a portfolio of loans (each of which was separate and independent with respect to the other) consisting of receivables, in accordance with the Securitization Law, classified as "in bonis" in conformity with current supervisory regulations, and deriving from mortgage loans secured by voluntary mortgages on real property. Within the scope of the Restructuring, each Bank sold, in the same manner described above, a second portfolio of mortgages, again, each of which was separate and independent with respect to the other. Below are some of the principal general criteria for eligibility of the transferred loans, valid for both transfer agreements:

- loans must be in Euro;
- Loans issued to physical persons residing in Italy who, in conformity with the classification criteria adopted by Bank of Italy with Circular. n 140 dated 11 February 1991 (as subsequently amended), fall under one of the following categories for sector of economic activity: n. 600 ("consumer households"); n. 614 ("artisans") or n. 615 ("producer families");
- Mortgage loans secured by voluntary mortgage on one or more real properties located on the Italian territory and with respect to which the real property on which the mortgage is secured (or, in case of one or more mortgages on more than one real property as guarantee for the same loan, the principal real property) is a residential property used as a dwelling;
- None of the borrowers is an employee, manager, statutory auditor or director of the Bank;
- None of the borrowers is a public administration or similar entity, nor a company that is directly or indirectly controlled by a public administration, nor a religious or ecclesiastic entity.

The above-mentioned banks act as Servicers of their own portfolios transferred to the Vehicle Company.

The SPV paid the selling banks the price of 695,618,219.29 euro within the scope of the first transaction, and 447,699,408.76 euro within the scope of the second transactions, corresponding to the total of the individual purchase prices for the receivables sold each time, as specified below:

- First transaction - Banca di Pisa e Fornacette: 232,893,077.48 euro;
- First transaction - Banca Cambiano: 462,725,141.81 euro;
- Second transaction - Banca di Pisa e Fornacette: 160,485,163.54 euro;
- Second transaction - Banca Cambiano: 287,214,245.22 euro.

The purchase of the first portfolio was financed by the SPV, in accordance with articles 1 and 5 of the Securitization Law, by issuing on 27 November 2017, the classes of Notes specified here following:

Senior – (Class "A" notes)
Euro 181,656,000 Class A1-2017;
Euro 360,925,000 Class A2-2017;

Junior – (Class "B" notes)
Euro 54,137,000 Class B1-2017;
Euro 107,562,000 Class B2-2017.

Similarly, the second portfolio of receivables sold within the scope of the Restructuring operation was financed on 06 December 2019 by issuing the following securities:

Senior – (Class "A" notes)
Euro 157,866,000 Class A1-2019;
Euro 285,773,000 Class A2-2019;

Junior – (Class "B" notes)
Euro 3,380,000 Class B1-2019;

Euro 1,330,000 Class B2-2019.

Subscriber	Isin	Class	Senior Tranche	Rating at issue	Rating at 31.12.2023	Nominal	Outstanding Amount at 31.12.2023	Outstanding amount after repayment 25.01.2024
Banca di Pisa e Fornacette	IT0005315210	Class A1 - 2017	84.00%	AA / AA-	AA / AA	181,656,000	49,835,654	48,795,574
Banca di Pisa e Fornacette	IT0005391237	Class A1 - 2019	84.00%	AA / AA	AA / AA	157,866,000	68,834,748	67,398,445
Banca Cambiano	**IT0005315228**	**Class A2 - 2017**	**84.00%**	**AA / AA-**	**AA / AA**	**360,925,000**	**109,113,428**	**106,865,482**
Banca Cambiano	**IT0005391245**	**Class A2 - 2019**	**84.00%**	**AA / AA**	**AA / AA**	**285,773,000**	**136,621,907**	**133,806,912**
		Class A Notes	**84.00%**			**986,220,000**	**364,405,737**	**356,866,412**
Banca di Pisa e Fornacette	IT0005315236	Class B1 - 2017	16.00%			54,137,000	54,137,000	54,137,000
Banca di Pisa e Fornacette	IT0005391252	Class B1 - 2019	16.00%			3,380,000	3,380,000	3,380,000
Banca Cambiano	**IT0005315244**	**Class B2 - 2017**	**16.00%**			**107,562,000**	**107,562,000**	**107,562,000**
Banca Cambiano	**IT0005391260**	**Class B2 - 2019**	**16.00%**			**1,330,000**	**1,330,000**	**1,330,000**
		Class B Notes	**16.00%**			**166,409,000**	**166,409,000**	**166,409,000**

Class A notes were listed on the Irish Stock Exchange, while class "B" Notes were neither listed nor given a rating. Senior Notes generate interest at a Euribor-linked floating interest rate at 1 month (with a 0% floor) increased by a spread equal to 0.45%. Instead, Junior Notes, that do not have a coupon, receive flows other than capital that are due based on the order of priority for each period of reference. Interest and revenue on Notes are paid monthly on the 25th of each month.

The Notes subscribed by Banca Cambiano are Class A2 (senior) and Class B2 (junior) Notes, with the following characteristics:

Class A2-2017
Currency: Euro
Amount at issue: 360,925,000
Rate: Euribor 1M (floor at 0% and Cap 3.52%) + spread 0.45%
Coupon: monthly
Legal duration: May 2060
Redemption: amortisation linked to recovery of underlying receivables
Rating at 31.12.2023: AA by S&P, AA by Fitch
Listing: Irish Stock Exchange
ISIN: IT0005315228
Applicable law: Italian law.
Subscriber: Banca Cambiano.

Class A2-2019
Currency: Euro
Amount at issue: 285,773,000
Rate: Euribor 1M (floor at 0% and Cap 3.52%) + spread 0.45%
Coupon: monthly
Legal duration: May 2060
Redemption: amortisation linked to recovery of underlying receivables
Rating at 31.12.2023: AA by S&P, AA by Fitch
Listing: Irish Stock Exchange
ISIN: IT0005391245
Applicable law: Italian law.
Subscriber: Banca Cambiano.

Class B2-2017
Currency: Euro
Amount at issue: 107,562,000
Rate: N.D.
Coupon: monthly
Legal duration: May 2060
Redemption: amortisation linked to recovery of underlying receivables
Rating: Unrated
Listing: Not listed on a stock exchange
ISIN: IT0005315244
Applicable law: Italian law.
Subscriber: Banca Cambiano.

Class B2-2019

Currency: Euro
Amount at issue: 1,330,000
Rate: N.D.
Coupon: monthly
Legal duration: May 2060
Redemption: amortisation linked to recovery of underlying receivables
Rating: Unrated
Listing: Not listed on a stock exchange
ISIN: IT0005391260
Applicable law: Italian law.
Subscriber: Banca Cambiano.

The Notes are all managed in dematerialised form by Monte Titoli S.p.A.

The amounts for Junior Notes include:

- A cash reserve ("Cash Reserve Amount") equal to 1.50% of the par value of the Senior Notes issued within the scope of the Restructuring operation (7,688,433 euro for Banca Cambiano):

Cash Reserve Amount (1.50% of par value of the issued Senior Note)		
	% of total	**€**
Banca di Pisa e Fornacette Cash Reserve Amount	34.62%	4,071,673
Banca Cambiano Cash Reserve Amount	65.38%	7,688,433
Total Reserve	**100.00%**	**11,760,106**

- The amount required to fund the reserve for expenses (Retention Amount) which, at the time of issue, corresponds to 53,216.00 euro for Banca Cambiano for a total amount amounting to 80,000.00 euro:

Retention Amount (reserve for expenses at issue)		
	% of total	**€**
Banca di Pisa e Fornacette	33.48%	26,784
Banca Cambiano	66.52%	53,216
Total	**100%**	**80,000**

- The Transaction restructuring expenses (294,727.31 euro pro quota for Banca Cambiano) and the expenses for the Restructuring (246,905.34 euro pro quota for Banca Cambiano).

The cash reserve is a guarantee for Senior Noteholders (who in this case are the same as the originators and therefore there is also an implicit guarantee in favour of Banca Cambiano, which holds the Class "A2" Notes). An amortisation of the cash reserve is also provided for (based on the amount of funds available), which is gradually repaid to the respective bank based on the amortisation of the respective Senior Notes, up to a set minimum level (0.8% of the par value of the Senior Notes at the moment of the Restructuring). At the moment, it is not possible to use the cash reserve in any way and it is provided that such a reserve remain available to the vehicle in the form of cash, contributing to the amount of available funds, if necessary.

Cash Reserve Amount	**Reserve at issue**	**Outstanding reserve at 31.12.2023**
Banca di Pisa e Fornacette Cash Reserve Amount	4,071,673	2,189,430
Banca Cambiano Cash Reserve Amount	**7,688,433**	**4,144,473**
Total Reserve	**11,706,106**	**6,333,903**

The Retention Amount is an expense fund available to the vehicle, used by the structure for the vehicle's management costs. At each monthly settlement, on the basis of the documented costs sustained, this expense account/fund is replenished until it is the equivalent of the pre-established total amount of 80,000.00 Euro, of which the € 53,216.00 mentioned above represent the share for which Banca Cambiano was responsible at the time of subscription.
The Notes are repaid on the same date as the payment of interest, in accordance with recovery of the underlying receivables, available funds and the order of priority of payments (illustrated below). The interest period becomes effective starting from a payment date (inclusive) through the following payment date (exclusive) and interest is calculated on the basis of the actual number of days that have passed, divided by 360. The characteristics of the class "A" notes allow them to be used for loan transactions with the European Central Bank.

Selected quantitative information at 31/12/2023

A selection of some of the principal information of a quantitative nature regarding the operation in review is set forth below. The values, unless otherwise specified, are in Euro and refer to 31 December 2023.

Securitised assets

At the close of 2023, securitised assets were equivalent to their price of purchase, net of collections as at the transfer date of 31 December 2023, of the amounts to be received for collections due in the fiscal year but not yet transferred by the Servicers, and increased by accrued interest due as at 31 December 2023.

	31/12/2023
In bonis securitised assets	507,673,341
Receivables for interest accrued but not yet collected	122,635
Total	**507,795,976**

Assets disposed of by Banca Cambiano had the following characteristics:

	31/12/2023
Residual principal	339,350,493
Number of Mortgage loans	5,133
Average residual life (years)	14.10
Weighted average rate	4.35%
Average amount of the loans	66,111.53
Current LTV	65.11%

The table below indicates the outstanding securitised assets as at 31 December 2023 classified on the basis of their residual life:

	Total Portfolio		Banca Cambiano Portfolio	
	Balance at 31/12/2023	% incidence	Balance at 31/12/2023	% incidence
Up to 3 months	70,730	0.01%	48,781	0.01%
From 3 to 6 months	191,602	0.04%	149,092	0.04%
From 6 to 12 months	930,816	0.18%	630,214	0.16%
From 12 to 60 months	29,498,469	5.81%	22,515,996	6.64%
Over 60 months	476,981,725	93.95%	316,006,409	93.12%
Total	**507,673,341**	**100.00%**	**339,350,493**	**100.00%**

Finally, the table below shows the breakdown of the portfolio at 31 December 2022, subdivided by category:

	Total Portfolio		Banca Cambiano Portfolio	
	Number of positions	Balance at 31/12/2023	Number of positions	Balance at 31/12/2023
Up to 25,000	1,603	22,032,671	1,242	17,388,130
From 25,000 to 75,000	3,018	145,738,126	2,153	102,814,347
From 75,000 to 250,000	2,667	310,243,770	1,675	195,870,401
Over 250,000	80	29,658,773	63	23,277,614
Total	**7,368**	**507,673,341**	**5,133**	**339,350,493**

Use of available funds

Description	31/12/2023
Liquidity at BNY c/c n. 6983879780 (Expenses Acc.)	83,305
Liquidity at BNY c/c n. 6983899780 (Banca Cambiano Transitory CR Acc.)	0
Liquidity at BNY c/c n. 6983919780 (BCC Pisa e Fornacette Transitory CR Acc.)	0
Liquidity at BNY c/c n. 6983989780 (General Acc.)	8,285,480
Liquidity at BNY c/c n. 6983999780 (Banca Cambiano Cash Reserve Acc.)	4,154,091
Liquidity at BNY c/c n. 6984009780 (BCC Pisa e Fornacette Cash Reserve Acc.)	2,194,511
Liquidity at BNY c/c n. 6983929780 (Payment Acc.)	4,460
Liquidity at BNY c/c n. 6983939780 (Banca Cambiano Suspension Acc.)	331,611
Liquidity at BNY c/c n. 6983949780 (BCC Pisa e Fornacette Suspension Acc.)	28,061
Receivables for transaction profit	3,898,905
Receivables from Services for collections to be received	990,630
Accrued interest payable on securitised loans	3,491,916
Prepaid expenses	30,789
Total	**23,493,759**

Interest on issued notes (economic competence)

	31/12/2023
Interest expenses on Class A Notes	14,448,730
Interest expenses Class B Notes	6,643,569

Fees and commissions charged to the transaction

During the 2023 fiscal year, fees and commissions charged to the transaction are composed of the line items detailed in the table below:

Description	31/12/2023

Servicing fees (Banca Pisa)	81,205
Servicing fees (Banca Cambiano)	**184,430**
Computation agent fees	30,988
Sub computation agent fees	1,325
Listing agent fees	3,016
Representative of the noteholders fees	9,273
Account Bank, Cash Manager, Principal Paying Agent fees	14,457
Other	111,112
Total	**435,806**

Interest generated by securitised assets

As at 31 December 2023, the total portfolio of self-securitised loans generated the following interest amounts:

	31/12/2023
Interest on securitised receivables	20,690,256
Interest on early settlement	149,684
Other revenue	688,165
Total	**21,528,105**

INDICATION OF UNDERWRITTEN CONTRACTS

For the purpose of carrying out the self-securitization transaction and the subsequent restructuring, it was necessary to underwrite the contract agreements outlined below with various counterparties:

i. N. 4 "Transfer Agreements" (two during the structuring of the Transaction and two during the restructuring) by virtue of which the Company purchased from Banca di Pisa e Fornacette and Banca Cambiano against payment, in block and without recourse, the respective credit claim portfolios;
ii. N. 2 "Warranty and Indemnity Agreements " (one during the structuring of the Transaction and one during the restructuring) as per which each Originator Bank issued specific declarations and guarantees, granted security and committed to obligations of indemnification regarding their respective Claims and the assignment thereof to the Company;
iii. "Servicing Agreement" (modified and integrated during the restructuring stage from the "Agreement" for amendment to the Servicing Agreement), by means of which the Company appoints each Originator Bank to execute services regarding the administration, management, collection and redemption of their respective Claims (including, for the sake of clarity, any defaulted claims);
iv. "Corporate Services Agreement , by means of which the Company appoints Cabel Holding S.p.A. as Administrator of company activities;
v. "Stichting Corporate Services Agreement";
vi. "Back-up Servicing Agreement", by means of which the Company appoints the back-up servicers to act as substitutes for the Servicers in the event of cancellation of the appointment of Banca di Pisa e Fornacette or Banca Cambiano as Servicers as per the Servicing Agreement;
vii. "Cash Administration and Agency Agreement" between, inter alios, the Company, the Originator banks, the Bank of New York Mellon SA/NV – Milan Branch, Invest Banca S.p.A., KPMG Fides Servizi di Amministrazione S.p.A. and Cabel Holding S.p.A.;
viii. "Intercreditor Agreement" between, inter alios, the Company, the Originator banks, the Bank of New York Mellon SA/NV – Milan Branch, Invest Banca S.p.A., KPMG Fides Servizi di Amministrazione S.p.A. and Cabel Holding S.p.A.;
ix. "Notes Subscription Agreement" between the Company, KPMG Fides Servizi di Amministrazione S.p.A., Banca di Pisa e Fornacette, Banca Cambiano and Banca Akros S.p.A.;
x. "Quotaholder's Agreement" between the Company, Cabel Holding S.p.A., Stichting Muitenburg and KPMG Fides Servizi di Amministrazione S.p.A.;
xi. N. 2 "Written Resolutions", by means of which the Noteholders approved the restructuring of the transaction, authorising the RON and the Company to take the actions required to complete the restructuring of the transaction;
xii. "Amendment Agreement", undersigned by all the parties involved in the Transaction, in which amendments are made to the previously undersigned agreements, as required to allow restructuring the Transactions.
xiii. "Offering Circular" (comprehensive of terms of the securities).

SUBJECTS INVOLVED IN THE TRANSACTION

The subjects involved, in one way or another, in the transaction are specified herein following.

Issuer/Purchaser of the claims

Pontormo RMBS Srl, a limited liability company incorporated under article 3 of Law 130/99, taxation code, Vat code and registration number in the Register of Companies n. 06272000487, fully paid-in share capital equal to 10,000.00 Euro, enrolled in the Register of special purpose vehicles kept by Bank of Italy pursuant to Bank of Italy provision of 7 June 2017 con n. 35039.9, whose registered offices are in Empoli (FI), via Cherubini 99.

Originators/Servicers/Back-up Servicers
Banca di Pisa e Fornacette Credito Cooperativo S.C.p.A, a bank incorporated in Italy as a “Società Cooperativa per azioni”, registered in the Register of Banks kept by Bank of Italy pursuant to article 13 of the Banking Consolidation Act at n. 4646, with registered offices in Lungarno Pacinotti, 8 – 56126 Pisa ("Banca di Pisa e Fornacette").

Banca Cambiano 1884 S.p.A., a bank incorporated in Italy as a company limited by shares, registered in the Register of Banks kept by Bank of Italy pursuant to article 13 of the Banking Consolidation Act at n. 5667, with offices in Viale Antonio Gramsci, 34 - 50132 Florence ("Banca Cambiano").

Agent Bank/Transaction Bank/ Paying Agent
The Bank of New York Mellon SA/NV, Milan branch, a company incorporated under the laws of Belgium, operating through its branch office in Via Mike Bongiorno, 13, 20124, Milan, Italy, ("BNYM").

Operating Bank
Banca Cambiano 1884 S.p.A., a bank incorporated in Italy as a company limited by shares, registered in the Register of Banks kept by Bank of Italy pursuant to article 13 of the Banking Consolidation Act at n. 5667, with offices in Viale Antonio Gramsci, 34 - 50132 Florence ("Banca Cambiano").

Representative of the Noteholders/ Stichting Corporate Services Provider/ Back-up Computation Agent
KPMG Fides Servizi di Amministrazione SpA, a company limited by shares incorporated in Italy, registered with the Register of Companies in Milan, Italy, at n. 00731410155, with registered offices in Via Vittor Pisani 27, Milan (MI), Italy, operating through its Rome branch, in Via Eleonora Duse, 53 ("KPMG").

Corporate Services Provider/Computation Agent
Cabel Holding SpA, a company limited by shares incorporated in Italy, registered in the Register of Company of Florence, Italy, at n. 04492970480, with offices in Via L. Cherubini, 99, Empoli (FI), Italy ("Cabel Holding").

Quotaholders
(i) Stichting Muitenburg, a foundation incorporated under Dutch Law, with registered offices in Hoogoorddreef 15, 1101BA, Amsterdam (Netherlands), registered in the Register of Companies of Amsterdam at n. 55248780, and (ii) Cabel Holding.

Rating Agencies
Fitch Italia S.p.A. (“Fitch”) and S&P Global Ratings Italy S.R.L. (“S&P”).

Arranger
Banca Akros SpA, a bank incorporated in Italy as a *società per azioni*, whose registered offices are in Viale Eginardo 29, 20149 Milan, Italy, with fully paid-in share capital of 39,433,803 Euro, registered in the Register of Companies of Milan at n. 03064920154 and in the Register of banks kept by Bank of Italy at n. 5328, participant to the banking group "Banco BPM", subject to the management and coordination activities ("*attività di direzione e coordinamento*"), of Banco BPM, authorised to carry out business in Italy pursuant to the Consolidated Banking Act ("Banca Akros").

Legal Advisor
Orrick, Herrington & Sutcliffe.

ALLOCATION OF CASH FLOWS ARISING FROM THE PORTFOLIO

a) A summarised schedule of the allocation of cash flows arising from transferred claims is provided here below. Please note the following main features:
b) The elements described in the order of payment are stepped and based on priority, in that they are settled only if there are sufficient residual funds after having paid the preceding element.
c) At each payment date, two different orders of payment are prepared (identical in form and contents), one for each Originator Bank /Noteholder. In this way, the collections generated by the securitized portfolio of a Bank, deducting the respective structural costs due, remain fully with the Bank that has transferred the portfolio. Nonetheless, in cases of particular stress of the structure or of insufficient performance of the portfolios, reciprocity mechanisms between the two Banks have been set up, so that all collection generated by the portfolio of one bank may be used to integrated the available funds of the other bank that is in deficit. Should this occur, debit/credit positions arise within the structure, which are automatically offset as soon as possible.

i. Banca di Pisa e Fornacette/Banca Cambiano Outstanding Notes Ratio (that is, the fraction of notes competence of a bank with respect to the total outstanding notes) of (i) all costs, taxes and expenses required to be paid in order to preserve the corporate existence of the Issuer, (ii) all costs and taxes required to be paid in order to maintain the rating of the Notes;
ii. Banca di Pisa e Fornacette/Banca Cambiano Outstanding Notes Ratio of fees, costs and all other sums payable to the Representative of the Noteholders;
iii. Banca di Pisa e Fornacette/Banca Cambiano Outstanding Notes Ratio of the amount required to guaranty that the balance standing to the credit of the Expenses Account on such Payment Date is equal to the Retention Amount;

iv. Banca di Pisa e Fornacette/Banca Cambiano Outstanding Notes Ratio of fees, costs and all other sums due and payable to the (Back-up) Computation Agent, the Agent Bank, the Transaction Bank, the Paying Agent, the Corporate Services Provider and the Stichting Corporate Services Provider;
v. Servicing fees to the respective servicers;
vi. Interest due and payable on Class A1/A2 Notes;
vii. The amount required so the balance of the Cash Reserve Account is equal to the Target Cash Reserve Amount;
viii. Reimbursement of principal due on Class A1/A2 Notes at the Payment Date;
ix. Any amounts required to increase the Available Funds of the other portfolio for an amount equal to the corresponding quota of cash reserve of the other portfolio used in previous IPD to increase the Available Funds of this portfolio.
x. In the event of a Disequilibrium Event for a portfolio, the Principal Amortisation Reserve Amount to be credited to the relative Principal Amortisation Reserve Account in relation to the portfolio for which the Disequilibrium Event did not occur;
xi. In the event of a Detrimental Event, the amount of the Reserve Amount to be credited to the Reserve Account;
xii. (i) Any amount due from the SPV to the Originators as repayment for an indemnity paid by the Originator to the SPV within the scope of the warranty and indemnity agreement (ii) any amounts due from the SPV to the servicer within the scope of the servicing agreement that have not been paid pursuant to the previous points;
xiii. Only on the first payment date, to pay Originators the respective interest;
xiv. Pay (a) to each Originator every amount due referring to adjustment in the purchase price in relation to the claims not listed in the transfer agreement but that respected the criteria listed in the same and every amount due to the SPV as per the warranty and indemnity agreement (other than those under point 12 above) and (b) to the relative subscriber of Class B or the relative Originator any amount due by the SPV as per the subscription agreement;
xv. Each amount due to the respective originator as repayment of the price of insurance and relative pre-paid expenses sustained thereby under the transfer agreement.
xvi. Interest due and payable on Class B1/B2 Notes;
xvii. Starting from the Payment Date on which Class A Notes are fully redeemed, repayment of principal on Class B1/B2 Notes;
xviii. After full and final settlement of all payments due under this Order of Priority and the full redemption of all the notes, payment of any surplus on the accounts of the vehicle in favour of Banca di Pisa e Fornacette/Banca Cambiano.

C. Securitisation transactions

Qualitative information

Starting and the end of September 2023, Banca Cambiano has been involved as Originator, Servicer and Junior Noteholder in the “Pontormo SME 2023” securitisation transaction (the ”Transaction”), with the special purpose vehicle company Pontormo SME 2023 s.r.l., a company whose sole corporate purpose is the realisation of one or more credit securitisation transactions, and that is registered at n. 48473.3 in the list of special purpose vehicles held by Bank of Italy.
The objectives of the Pontormo SME 2023 transaction, the main characteristics of the issued Notes, and a selection of quantitative information relating to the 2023 fiscal year are provided herein.

Objectives and structure of the Pontormo SME 2023 Transaction

The Bank’s objective, in initiating the transaction, was to transform part of lending assets (loans to SMEs and backed by the guarantee issued by the Central Guarantee Fund) in an ABS type security (Class A), capable of contributing, by subscription of the same by third-party investors, to extending and stabilizing liabilities, with benefits in terms of the NSFR indicator. The Transaction was initiated with the undersigning of the assignment contract on 6 September 2023, by means of which the Bank transferred a portfolio of loans characterised as receivables identifiable en bloc pursuant to the Securitisation Law, classified as “in bonis” in conformity with current vigilance regulations, and deriving from agreements for loans granted to SMEs and backed by the guarantee issued by the Central Guarantee Fund for SMEs. Below are some of the principle eligibility criteria for the assigned receivables:

- The loans are in Euro;
- The loans benefit from a guarantee issued by the SME Central Guarantee Fund, established pursuant to article 2, comma 100, letter (a) of Law n. 662 of 23 December 1996;
- The loans are disbursed to borrowers who, in conformity with the classification criteria adopted by Bank of Italy with Circular 140 of 11 February 1991 (as subsequently amended), fall within one of the following SAE categories (sector of business activity): SAE code 614 (with the exclusion of personal loans and residential home mortgage loans disbursed to physical persons), SAE code 615 (with the exclusion of personal loans and residential home mortgage loans disbursed to physical persons), SAE code 430, SAE code 432, SAE code 450, SAE code 480, SAE code 481, SAE code 482, SAE code 490, SAE code 491, code SAE 492;
- The loans have been fully disbursed, have not instalments past-due and not paid, are floating rate loans and expire between August 2026 and end of August 2033;
- No party is an employee and/or a manager of the Bank, nor a shareholder of the same Bank.

The Bank has the role of Servicer for its portfolio transferred to the vehicle company.

The SPV paid the Bank the price of € 122,376,127.21 as consideration for purchase of the loans, which corresponds to the residual debt of the transferred portfolio as at the date of reference (31 August 2023). Purchase of the portfolio was financed by the SPV by means of the issue, on 25 September 2023, pursuant to articles 1 and 5 of the Securitisation Law, of the following classes of notes:

- Senior (Class "A" note): € 100,000,000
- Junior (Class "J" note): € 24,627,000

The Senior note was subscribed by BPM S.p.A, while the Junior note, that finances only the purchase of that part of the portfolio not covered by the income of the Senior note, but also the Cash Reserve, the Retention Amount and expenses at closing of the transaction, was subscribed by Banca Cambiano.

Subscriber	Isin	Class	Nominal value at issue	Outstanding amount at 31.12.2023	Outstanding amount after repayment 25.01.2024
Banco BPM S.p.A	IT0005562597	Class A	100,000,000	100,000,000	90,121,158
Banca Cambiano	**IT0005562613**	**Class J**	**24,627,000**	**24,627,000**	**24,627,000**

The notes are all managed in dematerialised form by Monte Titoli S.p.A and neither of the two is listed nor has a market rating. The Senior note generates interest at an Euribor-linked floating rate at 3 months, increased by a spread equal to 1,25%, while the Junior note, instead, does not have a fixed coupon and will not receive any cash flow until complete redemption of the Senior note. In other words, until the Senior note has been fully redeemed, all cash flows deriving from the portfolio in excess of payment of expenses and interest on Class A will be used to reimburse the principal of the latter. All payments relating to the transaction (expenses, interest and principal) are paid quarterly (on the 25th of the months of January, April, July and October).

Below are the characteristics of the issued notes:

Class A
Currency: Euro
Amount at issue: 100,000,000
Rate: Euribor 3M + spread 1.25% (floor at 0% on the explicit rate)
Coupon: quarterly
Legal duration: July 2043
Redemption: amortisation linked to recovery of underlying receivables
Rating at 31.12.2023: not rated
Listing: not listed
ISIN: IT0005562597
Applicable law: Italian law.
Subscriber: Banco BPM S.p.A

Class J
Currency: Euro
Amount at issue: 24,627,000
Rate: additional return (only on redemption of the Senior note)
Coupon: quarterly (only on redemption of the Senior note)
Legal duration: July 2043
Redemption: amortisation linked to recovery of underlying receivables (only on redemption of the Senior note)
Rating at 31.12.2023: not rated
Listing: not listed
ISIN: IT0005562613
Applicable law: Italian law.
Subscriber: Banca Cambiano

The amount for Junior notes includes:

- A cash reserve ("Cash Reserve Amount") equal to 2% of the par value of the Senior note issued, that is, equal to € 2,000,000. No amortisation of the cash reserve is provided for, nor is it possible to use the reserve, which therefore remains available to the vehicle in cash form, contributing, where necessary, to the amount of available funds (and therefore constituting a guarantee in favour of the Senior Noteholder).
- The amount necessary to constitute a reserve for expenses ("Retention Amount") in the amount of € 20,000. This is an expense fund available to the vehicle company, used by the structure to meet management costs incurred by the same vehicle company. At each quarterly payment, based on the costs incurred and documented, this expense account/fund will be replenished and restored to the established amount of € 20,000.00.
- The Transaction structuring expenses (€ 230,570.46).

At the date of closing of the transaction, the cash flows that involved Banca Cambiano were:

- Inflow of € 100,000,000 as consideration for the transfer of the portfolio to the SPV (the consideration for the remaining component of the transferred portfolio was compensated by the subscription of the Junior note);

- Outflow of € 2,250,872.79 to finance the creation of the cash reserve (€ 2,000,000) and the expense fund (€ 20,000) and to cover costs at closing (€ 230,872.79, comprehensive of rounding-off).

Selected quantitative information at 31/12/2023

A selection of some of the principal information of a quantitative nature regarding the operation in review is set forth below. The values, unless otherwise specified, are in Euro and refer to 31 December 2023.

Securitised assets

At the close of 2023, securitised assets were equivalent to their price of purchase, net of collections as at the transfer date of 31 December 2023, of the amounts to be received for collections due in the fiscal year but not yet transferred by the Servicer, and increased by accrued interest due as at 31 December 2023.

	31/12/2023
In bonis securitised assets	112,530,836
Receivables for interest accrued but not yet collected	1,464
Total	**112,532,300**

The table below shows securitised assets existing as at 31 December 2023, classified based on their residual life.

	Balance at 31/12/2023	% incidence
Up to 3 months	0,00	0.00%
From 3 to 6 months	0,00	0.00%
From 6 to 12 months	0,00	0.00%
From 12 to 60 months	83,413,422	74.12%
Over 60 months	29,117,414	25.88%
Total	**112,530,836**	**100.00%**

Finally, the table below shows the breakdown of the portfolio by category as at 31 December 2023

	Number of position	Balance at 31/12/2023
Up to 25,000	163	2,881,024
From 25,000 to 75,000	405	18,546,326
From 75,000 to 250,000	366	50,888,089
Over 250,000	92	40,215,397
Total	**1.026**	**112,530,836**

Use of available funds

Description	31/12/2023
Liquidity at BNY c/c n. 6988649780 (Expenses Acc.)	18,263
Liquidity at BNY c/c n. 6988619780 (Cash Reserve Acc.)	2,014,594
Liquidity at BNY c/c n. 6988639780 (Payment Acc.)	592
Liquidity at BNY c/c n. 6988629780 (Collection Acc.)	12,212,384
Receivables from Services for collections to be received	45,226
Accrued interest payable on securitised loans	534,007
Total	**14,825,066**

Interest on issued notes (economic competence)

	31/12/2023
Interest expenses on Class A Notes	1,427,806

Fees and commissions charged to the transaction

During the 2023 fiscal year, fees and commissions charged to the transaction were composed of the line items detailed in the table below:

Description	31/12/2023
Servicing fees (Banca Cambiano)	35,543
Computation agent fees	30,951
Sub computation agent fees	343
Back up servicer fees	9,164
Representative of the noteholders fees	9,590
Account Bank, Cash Manager, Principal Paying Agent fees	2,336
Other	922,673
Total	**1,010,600**

Interest generated by the securitised assets

As at 31 December 2023, the total portfolio of self-securitised loans generated the following interest amounts:

	31/12/2023
Interest on securitised receivables	2,334,341
Interest on early settlement	6,138
Other revenue	97,927
Total	**2,438,406**

INDICATION OF THE UNDERWRITTEN CONTRACTS

For the purpose of carrying out the self-securitisation transaction and the subsequent restructuring, it was necessary to underwrite the contract agreements outlined below with various counterparties:

- "Transfer Agreement ", by virtue of which the Company purchased from Banca Cambiano against payment, in block and without recourse, the respective credit claim portfolio;
- "Warranty and Indemnity Agreement ", ai sensi del quale las per which the Bank issued declarations and guarantees, granted security and committed to obligations of indemnification regarding the claims and the assignment thereof to the Company;
- " Servicing Agreement", by means of which the Company appoints Banca Cambiano as the entity in charge of executing services regarding the administration, management, collection, recovery and redemption of the claims (including, for the sake of clarity, any non-performing loans);
- "Corporate Services Agreement", by means of which the Company appoints KPMG Fides Servizi di Amministrazione S.p.A. as administrator of company activities;
- "Stichting Corporate Services Agreement";
- "Back-up Servicing Agreement", by means of which the Company appoints Zenith Service S.p.A as the back-up servicer, to act as substitute of the Servicer in the event of cancellation of the appointment of Banca Cambiano as Servicer pursuant to the Servicing Agreement;
- "Cash Allocation, Management and Payment Agreement" between the Company , Banca Cambiano, the Bank of New York Mellon SA/NV – Milan Branch, Zenith Service S.p.A., KPMG Fides Servizi di Amministrazione S.p.A. and ICS Crediti e Partecipazioni S.r.l;
- "Intercreditor Agreement" between, inter alios, the Company, Banca Cambiano, the Bank of New York Mellon SA/NV – Milan Branch, Zenith Service S.p.A., KPMG Fides Servizi di Amministrazione S.p.A. and ICS Crediti e Partecipazioni S.r.l;
- "Senior Notes Subscription Agreement" between the Company, KPMG Fides Servizi di Amministrazione S.p.A., Banca Cambiano, Banco BPM S.p.A and Banca Akros S.p.A.;
- "Junior Notes Subscription Agreement" between the Company, KPMG Fides Servizi di Amministrazione S.p.A. and Banca Cambiano;
- "Noteholders' Agreement" between the Company, Stichting Ursa Major and ICS Crediti e Partecipazioni S.r.l;
- "Agency Contract" between the Company and KPMG Fides Servizi di Amministrazione S.p.A.
- "Information Memorandum ".

SUBJECTS INVOLVED IN THE TRANSACTION

The subjects involved in the transaction, in one way or another, as specified herein following.

Issuer / Purchaser of the loans
Pontormo SME 2023 Srl, a limited liability company incorporated under article 3 of Law 130/99, taxation code, Vat code and registration number in the Register of Companies n. 17249061007, fully paid-in share capital equal to 10,000.00 Euro, enrolled in the Register of special purpose vehicles kept by Bank of Italy pursuant to Bank of Italy provision of 7 June 2017 con n. 48473.3, with registered office in via Curtatone 3, Rome.

Originator / Servicer
Banca Cambiano 1884 S.p.A., a bank incorporated in Italy as a company limited by shares, registered in the Register of Banks kept by Bank of Italy pursuant to article 13 of the Banking Consolidation Act at n. 5667, with offices in Viale Antonio Gramsci, 34 - 50132 Florence ("Banca Cambiano").

Account Bank / Paying Agent
The Bank of New York Mellon SA/NV, Milan branch, a company incorporated under the laws of Belgium, operating through its branch office in Via Mike Bongiorno, 13, 20124, Milano, Italia, ("BNYM ").

Corporate Services Provider / Representative of the Noteholders / Back-up Calculation Agent
KPMG Fides Servizi di Amministrazione SpA, a company limited by shares incorporated in Italy, registered with the Register of Companies of Milan, Italy, at n. 00731410155, with registered offices in Via Vittor Pisani 27, Milan (MI), Italy, operating through its Rome branch, in in Via Curtatone 3, Rome ("KPMG").

Calculation Agent
ICS Crediti e Partecipazioni S.r.l, a limited liability company, registered with the Register of Companies of Parma at n. 03746101207, with registered office in Borgo della Salnitrara 3, Parma, Italy, operating through its Bologna branch, in Via G. Mezzofanti 5 Bologna("ICS").

Stichting Corporate Services Provider

M&G Trustee Company Limited, a company incorporated under the laws of England and Wales, with registered offices in 10 Fenchurch Avenue, London, EC3M 5AG.

Back-up Servicer
Zenith Service S.p.A, a company limited by shares, registered in the Register of Companies of Milan – Monza – Brianza – Lodi at n. 02200990980, with registered office in Corso Vittorio Emanuele II, 24/28, Milan, Italy and registered at n. 32590.2 of the register of Financial Intermediaries as per art. 106 of the Consolidated Banking Act ("Zenith").

Quotaholders
(i) Stichting Ursa Major, a foundation incorporated under Dutch Law, with registered offices in Locatellikade, 1, 1076 AZ, Amsterdam (Netherlands), registered in the Register of Companies of Amsterdam at 865414038, and (ii) ICS.

Arranger
Banca Akros SpA, a bank incorporated in Italy as a company limited by shares, with registered offices in Viale Eginardo 29, 20149 Milan, Italy, with fully paid-in share capital of 39,433,803 Euro, registered in the Register of Companies of Milan at n. 03064920154 and in the Register of banks kept by Bank of Italy at n. 5328, participant to the banking group "Banco BPM", subject to the management and coordination activities ("*attività di direzione e coordinamento*"), of Banco BPM, authorised to carry out business in Italy pursuant to the Consolidated Banking Act (“Banca Akros").

Legal Advisor
(i) Orrick, Herrington & Sutcliffe and (ii) Chiomenti.

ALLOCATION OF CASHFLOWS ARISING FROM THE PORTFOLIO

A summarised schedule of the allocation of cash flows arising from transferred claims is provided here below. Please note that the elements described in the order of payments below are consecutive and priority-based in nature, as they are intended to be settled only if there are sufficient residual funds after having paid the preceding element in the order:

i. All taxes and expenses necessary to preserve the corporate existence of the Issuer;
ii. The amount required to guaranty that the balance standing to the credit of the Expenses Account at the Date of Payment is equal to the Retention Amount;
iii. fees, expenses and all other amounts due and payable to the counterparties of the Transaction, including fees due to the Servicer for activities related to management of the securitised claims;
iv. interest due and payable on Class A senior Notes;
v. the amount required to that the balance of the Cash Reserve Account is equal to the Cash Reserve Amount;
vi. only on the first payment date, the amount of the accrued income due to the Originator;
vii. until the Senior Note is fully redeemed, the funds remaining after payment of the above items are to be fully used to reimburse the principal on Class A Senior Notes;
viii. Any indemnities due and payable to the Arranger and Senior Noteholder.

Quantitative information

A. Financial assets sold and not wholly derecognised

C.1 Exposures deriving from the principal “own” securitisation transactions subdivided by type of securitised asset and by type of exposure - part 1

Type of securitised asset /Exposures	Cash exposures					
	Senior		Mezzanine		Junior	
	Book value	Value adj. / write-backs	Book value	Value adj. / write-backs	Book value	Value adj. / write-backs
C. Not derecognised						
C.1 Loans	90,269	-136	0	0	22,231	-33

C.1 Exposures deriving from the principal “own” securitisation transactions subdivided by type of securitised asset and by type of exposure - part 2

Type of securitised asset /Exposures	Issued guarantees					
	Senior		Mezzanine		Junior	
	Net exposure	Value adj. / write-backs	Net exposure	Value adj. / write-backs	Net exposure	Value adj. / write-backs
C. Not derecognised						
C.1 Loans	0	0	0	0	0	0

C.1 Exposures deriving from the principal “own” securitisation transactions subdivided by type of securitised asset and by type of exposure - part 3

Type of securitised asset /Exposures	Credit lines					
	Senior		Mezzanine		Junior	
	Net exposure	Value adj. / write-backs	Net exposure	Value adj. / write-backs	Net exposure	Value adj. / write-backs
C. Not derecognised						
C.1 Loans	0	0	0	0	0	0

C.3 Securitisation special purpose vehicle

Neme of the securitisation / Name of the special purpose vehicle	Registered offices	Consolidation	Assets			Liabilities		
			Receivables	Debt securities	Other			
PONTORMO SME 2023 SRL	Roma - Via Curtatone 3	NO	12,201	0	0	0	0	0

E. Sale transactions

A. Financial assets sold but not fully derecognised

Qualitative and quantitative information

E.1 Sold financial assets recognised in full and connected financial liabilities: book values

Technical forms/Portfolio	Sold financial assets recognised in full				Associated financial liabilities		
	Book value	of which: subject of securitisation transactions	of which: subject of sales contracts with agreement to repurchase	of which impaired	Book value	of which: subject of securitisation transactions	of which: subject of sales contracts with agreement to repurchase
A. Financial assets held for trading				**X**			
1. Debt securities	0	0	0	X	203,249	0	203,249
2. Capital securities	0	0	0	X	0	0	0
3. Loans	0	0	0	X	0	0	0
4. Derivatives	0	0	0	X	0	0	0
B. Financial assets obligatorily measured at fair value							
1. Debt securities	0	0	0	0	0	0	0
2. Capital securities	0	0	0	X	0	0	0
3. Loans	0	0	0	0	0	0	0
C. Financial assets measured at fair value							
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 with impact on total profits							
1. Debt securities	176,561	0	176,561	0	0	0	0
2. Capital securities	0	0	0	X	0	0	0
3. Loans	0	0	0	0	0	0	0
C. Financial assets measured at amortised cost							
1. Debt securities	50,041	0	50,041	0	12,319	0	12,319
2. Loans	112,499	112,499	0	40	101,413	101,413	0
Total at 31/12/2023	**339,101**	**112,499**	**226,602**	**40**	**316,981**	**101,413**	**215,568**
Total at 31/12/2022	**204,973**	**0**	**204,973**	**0**	**205,351**	**0**	**205,351**

E.3 Sales transactions with liabilities that have recourse exclusively on the transferred assets not fully recognised: fair value

Technical forms/Portfolio	Recognised in full	Recognised partially	Total	
			31/12/2023	31/12/2022
A. Financial assets held for trading				
1. Debt securities	0	0	0	18,511
2. Capital securities	0	0	0	0
3. Loans	0	0	0	0

Technical forms/Portfolio	Recognised in full	Recognised partially	Total	
			31/12/2023	31/12/2022
4. Derivatives	0	0	0	0
B. Financial assets obligatorily measured at fair value				
1. Debt securities	0	0	0	0
2. Capital securities	0	0	0	0
3. Loans	0	0	0	0
C. Financial assets measured at fair value				
1. Debt securities	0	0	0	0
2. Loans	0	0	0	0
D. Financial assets measured at fair value with impact on total profits				
1. Debt securities	176,561	0	176,561	186,462
2. Capital securities	0	0	0	0
3. Loans	0	0	0	0
E. Financial assets measured at amortised cost (fair value)				
1. Debt securities	48,508	0	48,508	0
2. Loans	112,499	0	112,499	0
Total financial assets	**337,568**	**0**	**337,568**	**204,973**
Total associated financial liabilities	**316,981**	**0**	**X**	**316,981**
Net value at 31/12/2023	**20,587**	**0**	**20,587**	**X**
Net value at 31/12/2022	**-112,008**	**0**	**X**	**-112,008**

As regards receivables from customers and payables to customers, the "fair value" used in the table is equivalent to the amortised cost.

Section 2 – Market risk

For the purpose of reporting as regards this section, only financial instruments (both assets and liabilities) included in the "regulatory trading portfolio" were taken into consideration, as required by regulations regarding regulatory information on market risks (cfr. Circular n. 286 of 17 December 2013 issued by Bank of Italy).

Qualitative information

A. General information

The primary activity of the Bank is trading financial instruments exposed to interest rate risk.
The strategy underlying its trading activity corresponds both to treasury needs and to the objective of enhancing the risk/yield profile of portfolio investments in terms of the interest rate risk and the counterparty's credit risk.
Trading regards exclusively operations involving bonds.

B. Management procedures and measurement methods for interest rate risk and price risk

The Finance Area Regulations establish both operating limits (both in terms of portfolio value as well as the breakdown by type of security) and limits for exposure to interest rate risk (in terms of financial duration).
In the meeting held on 16 January 2020, the Board of Directors approved the Policy on interest rate risk, accompanied by the attached methodology document, subsequently updated during the meeting held on 26/03/2022.

Quantitative information

D.2.1.1 Regulatory trading portfolio: distribution by residual duration (repricing date) of cash financial assets and liabilities and financial derivatives - All currencies

Type/Residual duration	On demand	Up to 3 months	from over 3 months through 6 months	From over 6 months through 1 year	From over 1 year through 5 years	From over 5 years through 10 years	Over 10 years	Indefinite duration	Total
1. Cash assets									
1.1 Debt securities									
- with early redemption option	0	0	0	0	0	0	0	0	**0**
- other	0	727	494	4,753	71,367	6,600	0	0	**83,941**
1.2 Other assets	0	0	0	0	0	0	0	0	**0**
2. Cash liabilities									
2.1 Repurchase agreements on debt	0	203,249	0	0	0	0	0	0	**203,249**
2.2 Other liabilities	0	0	0	0	0	0	0	0	**0**
3. Financial derivatives									

Type/Residual duration	On demand	Up to 3 months	from over 3 months through 6 months	From over 6 months through 1 year	From over 1 year through 5 years	From over 5 years through 10 years	Over 10 years	Indefinite duration	Total
3.1 With underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	221,688	0	0	0	0	0	0	**221,688**
+ short-term positions	0	221,391	0	0	0	0	0	0	**221,391**
3.2 Without underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	618	0	0	0	0	0	0	**618**
+ short-term positions	0	442	0	0	0	0	0	0	**442**

2.2 Interest rate risk and price risk - Bank portfolio

Qualitative information

Interest rate risk is created by an imbalance between the due dates (re-pricing) of asset and liability items belonging to the bank portfolio. This latter is composed of all the financial instruments, assets and liabilities, not included in the trading portfolio in accordance with current regulatory provisions.

The Finance Area is responsible for direct operational management of interest rate risk, according to the guidelines set forth by the Board of Directors.

When the thresholds approved by the Board are exceeded, the Finance Area promptly intervenes, in instruction by the Managing Director, and having interfaced with the Risk Management Function, to bring the exposure to interest rate risk back within the established thresholds; specifically, the Finance Area:

- Implements micro-hedging and macro-hedging operations to cover medium-to-long term asset/liability balance sheet items;
- Collaborates with the Risk Management function to determine new indexing structures for interest rates on commercial deposit/lending products, that are subsequently communicated to the relevant company functions;
- Implements hedging operations on short-term balance sheet asset/liability items, promptly informing the Managing Director and the Risk Management function as to the actions undertaken and the impact that they will produce on the mitigation of interest rate risk.

The interest rate risk control process defines the methods used to measure the limits on risk indicators, and the remediation process in the event that such limits are exceeded.

Controls regarding the Group's compliance to the established limits are carried out quarterly by the Risk Management function, which produces a specific report for the purpose of providing all relevant information. Based on how severely the established limits have been exceeded, various actions to mitigate interest rate risk are provided for:

- The early warning is intended as a warning threshold, for which no specific corrective / risk management actions are required;
- the operational limit is intended as a risk limit which, if exceeded, necessarily requires corrective / risk management actions.

Exposure to banking book interest rate risk is calculated by the Group in a manner consistent with the provisions of current regulations, through the simplified Regulatory approach (Cfr. Bank of Italy Circular n. 285/2013, First Part, Title III, Chapter 1, Annex C, that introduces the recent guidelines of the European Banking Authority); by using this method, the Bank can monitor the impact of unexpected changes in market conditions on the value of shareholders' equity, thus making it possible to identify the mitigation interventions to be executed.

More in detail, the process to estimate exposure to banking book rate risk provided using the simplified method provides for the following stages:

- Determination of the relevant currencies. "relevant currencies" are those that represent a percent of the total assets, or of total liabilities of the banking portfolio, that is greater than 5%. For the purpose of the calculation method for exposure to interest rate risk, positions in "relevant currencies" are considered individually, while positions in "non-relevant currencies" are aggregated for the respective counter-value in Euro;
- Classification of assets and liabilities into time brackets. Nineteen (19) time brackets are provided for. Fixed rate assets and liabilities are classified based on their residual life, while floating rate assets and liabilities are classified based on the interest rate renegotiation;

- Within each bracket, assets and liabilities are multiplied by the weighting factors, obtained as the product between a hypothetical variation in the rates and an approximation of the modified duration relative to each of the brackets;
- Within each bracket, asset positions are offset by liability positions, thereby obtaining a net position;
- Aggregation in the various currencies. The absolute values of the exposures relating to each "relevant currency" and to the aggregate of "non-relevant currencies" are summed together, to obtain a value that represents the variation in the economic value of the Bank, as a function of the hypothesised interest rate trend.

The main sources of interest rate risk are fixed rate positions. As regards asset entries, these are amounts referring primarily to fixed rate securities (BTP) and mortgages, and for liability entries, these are amount referred to customer deposits.
The interest rate risk inherent to the Bank portfolio is monitored by the Bank on a quarterly basis.
Banca Cambiano 1884 S.p.A.'s banking book interest rate is subjected to stress tests by the Risk Management function. Stress tests represent the whole of the qualitative and quantitative methods through which the Group assesses its vulnerability to adverse market scenarios. The methodology adopted entails the application of instantaneous shocks to the rate curve for all relevant currencies, and in an aggregate manner for non-relevant currencies, measuring the effects in terms of variations to the economic value of the company.
The stress scenarios used for testing are based on regulatory scenarios, in accordance with the guidelines issued by the European Banking Authority in 2018[11]:

- Parallel up – increasing parallel shock;
- Parallel down – parallel decreasing shock;

} *Shift scenarios: parallel and immediate shocks for curves of all currencies (+/- 200 bps)*

- Steepener – increase of the slope of the curve;
- Flattener – reduction of the slope of the curve;

} *Twist scenarios: non-parallel and immediate shocks for curves of all currencies*

- Short rate shock up – increase of short-term rates;
- Short rate shock down – decrease of short-term rates.

} *Variations of rates with decreasing intensity from the 'demand' bracket to 'over 20 years.*

The Risk Management function is responsible for the periodical assessment (at least on a yearly basis) of the stress tests, implemented so as to monitor that the sensitivity scenarios used for the stress tests are always consistent with the type of financial instruments present within the scope of the assessment, and with any past and/or expected adverse market conditions.

2.2.1 Bank portfolio: distribution by residual duration (by repricing date) of financial assets and liabilities - All currencies

Type/Residual duration	On demand	Up to 3 months	From over 3 months through 6 months	From over 6 months through 1 year	From over 1 year through 5 years	From over 5 years through 10 years	Over 10 years	Indefinite duration	Total
1. Cash assets									
1.1 Debt securities									
- with early redemption option	0	0	0	0	0	0	0	0	**0**
- other	0	124,815	66,926	239,404	278,617	110,949	30,064	0	**850,777**
1.2 Loans to banks	375,638	29,508	0	0	0	0	0	0	**405,146**
1.3 Loans to customers									
- c/c	609,091	584	1,740	2,766	6,927	3	0	0	**621,111**
- Other loans									
- with early redemption option	69,140	63,904	6,561	17	0	0	0	0	**139,623**
- other	1,758,561	98,910	35,000	69,518	187,037	110,952	152,626	0	**2,412,604**
2. Cash liabilities									
2.1 Payable to customers									
- c/c	2,731,439	19,754	18,754	45,679	362,182	83,672	0	0	**3,261,479**
- other payables									
- with early redemption option	0	0	0	0	0	0	0	0	**0**

[11] *For the definition of the scenarios, please refer to the document "EBA/GL/2018/02 - EBA Guidelines on the management of interest rate risk arising from non-trading activities (July 2018)*

Type/Residual duration	On demand	Up to 3 months	From over 3 months through 6 months	From over 6 months through 1 year	From over 1 year through 5 years	From over 5 years through 10 years	Over 10 years	Indefinite duration	Total
- other	37,719	101,413	12,319	0	0	0	0	0	**151,452**
2.2 Payable to banks									
- c/c	50,459	0	0	0	0	0	0	0	**50,459**
- other payables	554,894	0	0	0	0	0	0	0	**554,894**
2.3 Debt securities									
- with early redemption option	0	0	0	0	0	0	0	0	**0**
- other	15	22,019	9,761	28,146	55,313	57,167	0	0	**172,421**
2.4 Other liabilities									
- with early redemption option	0	0	0	0	0	0	0	0	**0**
- other	0	0	0	0	0	0	0	0	**0**
3. Financial derivatives									
3.1 With underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
3.2 Without underlying security									
- Options									
+ long-term positions	0	0	0	0	0	0	0	0	**0**
+ short-term positions	0	0	0	0	0	0	0	0	**0**
- Other derivatives									
+ long-term positions	0	3,708	0	0	0	0	0	0	**3,708**
+ short-term positions	0	67,752	1,734	0	0	0	0	0	**69,486**
4. Other off-balance sheet transactions									
+ long-term positions	3,927	590	553	3,383	1,673	21,789	716	0	**32,632**
+ short-term positions	32,632	0	0	0	0	0	0	0	**32,632**

Notes:
Long-term and short-term positions in other derivatives at point 3.2 are expressed as notional values.

2.3 Exchange rate risk

Qualitative information

A. General information, management procedures and methods to measure exchange rate risk

Exchange rate risk represents the risk of suffering losses on investment and collection transactions with instruments in a currency other than European currency.

The Bank's Finance Regulations define the overall daily limit position in exchanges, in compliance with the company Risk Appetite Framework. The aim is to have daily positions that are tendentially balanced, and always in compliance with the limits specified in the Finance Regulations currently in force.

On a daily basis, the Risk Management office verifies compliance with the obligations/limits of the global exchange position. The organisational structure provides that the management of the exchange rate risk is delegated to the Foreign Office for assets used to service customers and to the Securities Treasury Office for financial instruments, whereas the measurement of exposure is attributed to the Risk Management Office based on the data provided by the Management Control Office.

In relation to said risk, current regulatory regulations dictate the obligation to meet a capital equity requirement equal to 8% of the "net position in foreign exchanges", only if the latter exceeds 2% of own funds.

The Bank is marginally exposed to the exchange rate risk: at 31/12/2023 the "net position in foreign exchanges" was contained within 2% of own funds, thereby excluding the need to meet the aforementioned capital equity requirement.

B. Hedging of exchange rate risk

The Bank has no current hedging on exchange rate risk.

Quantitative information

2.3.1 Distribution by denominated currency of assets, liabilities and derivatives

Line items	Currencies						TOTAL
	USA dollar	British pound sterling	Swiss franc	Canadian dollar	Japanese yen	Other currencies	
A. Financial assets							
A.1 Debt securities	0	0	0	0	0	0	0
A.2 Capital securities	0	0	0	0	0	0	0
A.3 Loans to banks	5,635	269	343	211	73	217	6,748
A.4 Loans to customers	84,038	0	0	0	0	0	84,038
A.5 Other financial assets	0	0	0	0	0	0	0
B. Other assets	**243**	**19**	**118**	**29**	**72**	**68**	**548**
C. Financial liabilities							
C.1 Payable to banks	43,868	0	0	0	0	146	44,014
C.2 Payable to customers	10,377	4,115	36	13	163	19	14,723
C.3 Debt securities	0	0	0	0	0	0	0
C.4 Other financial liabilities	0	0	0	0	0	0	0
D. Other liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**
E. Financial derivatives							
- Options							
+ Long-term positions	0	0	0	0	0	0	0
+ Short-term positions	0	0	0	0	0	0	0
- Other derivatives							
+ Long-term positions	16,487	3,708	0	0	0	7	20,201
+ Short-term positions	52,663	0	421	200	0	0	53,284
Total assets	**106,402**	**3,996**	**461**	**240**	**145**	**291**	**111,535**
Total liabilities	**106,908**	**4,115**	**457**	**213**	**163**	**165**	**112,021**
Imbalance (+/-)	**-506**	**-119**	**4**	**27**	**-18**	**126**	**-486**

Section 3 - derivative instruments and hedging policies

3.1 Derivative instruments for trading

A. Financial derivatives

3.1.A.1 Trading financial derivatives: notional end period values

Underlying assets / types of derivatives	Total at 31/12/2023				Total at 31/12/2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Debt securities and interest rates								
a) Options	0	0	0	0	0	0	0	0
b) Swap	0	0	0	0	0	0	0	0
c) Forward	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. Capital securities and equity indexes								
a) Options	0	0	0	0	0	0	0	0
b) Swap	0	0	0	0	0	0	0	0
c) Forward	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. Currencies and gold								
a) Options	0	0	0	0	0	0	0	0
b) Swap	0	0	0	0	0	0	0	0
c) Forward	0	0	69,865	0	0	0	54,514	0
d) Futures	0	0	0	0	0	0	0	0
e) Other	0	0	0	0	0	0	0	0
4. Goods	0	0	0	0	0	0	0	0
5. Other	0	0	0	0	0	0	0	0
Total	**0**	**0**	**69,865**	**0**	**0**	**0**	**54,514**	**0**

Underlying assets / types of derivatives	Total at 31/12/2023				Total at 31/12/2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
Average values	**0**	**0**	**62,190**	**0**	**0**	**0**	**54,514**	**0**

3.1.A.2 Trading financial derivatives: gross negative and positive fair value – subdivision by product

Underlying assets / types of derivatives	Total at 31/12/2023				Total at 31/12/2022			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
1. Positive fair value								
a) Options	0	0	0	0	0	0	0	0
b) Interest rate swap	0	0	0	0	0	0	0	0
c) Cross currency swap	0	0	0	0	0	0	0	0
d) Equity swap	0	0	0	0	0	0	0	0
e) Forward	0	0	618	0	0	0	683	0
f) Futures	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0
Total	**0**	**0**	**618**	**0**	**0**	**0**	**683**	**0**
2. Negative fair value								
a) Options	0	0	0	0	0	0	0	0
b) Interest rate swap	0	0	0	0	0	0	0	0
c) Cross currency swap	0	0	0	0	0	0	0	0
d) Equity swap	0	0	0	0	0	0	0	0
e) Forward	0	0	442	0	0	0	98	0
f) Futures	0	0	0	0	0	0	0	0
g) Other	0	0	0	0	0	0	0	0
Total	**0**	**0**	**442**	**0**	**0**	**0**	**98**	**0**

3.1.A.3 OTC trading financial derivatives: notional values, gross positive and negative fair value by counterparty

Underlying assets	Central counterparties	Banks	Other financial companies	Other parties
Contracts that are not a part of netting agreements				
1) Debt securities and interest rates				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
2) Capital securities and equity indexes				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
3) Currencies and gold				
- notional value	X	52,641	0	17,224
- positive fair value	X	148	0	471
- negative fair value	X	398	0	45
4) Goods				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
5) Other				
- notional value	X	0	0	0
- positive fair value	X	0	0	0
- negative fair value	X	0	0	0
Contracts that are a part of netting agreements				
1) Debt securities and interest rates				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
2) Capital securities and equity indexes				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
3) Currencies and gold				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0

Underlying assets	Central counterparties	Banks	Other financial companies	Other parties
4) Goods				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0
5) Other				
- notional value	0	0	0	0
- positive fair value	0	0	0	0
- negative fair value	0	0	0	0

3.1.A.4 Residual life of OTC trading financial derivatives: notional values

Underlying assets/Residual life	Up to 1 year	From over 1 year and through 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates	0	0	0	**0**
A.2 Financial derivatives on capital securities and equity indexes	0	0	0	**0**
A.3 Financial derivatives on currencies and gold	69,865	0	0	**69,865**
A.4 Financial derivatives on goods	0	0	0	**0**
A.5 Other financial derivatives	0	0	0	**0**
Total at 31/12/2023	**69,865**	**0**	**0**	**69,865**
Total at 31/12/2022	**54,514**	**0**	**0**	**54,514**

3.2 Recognised hedges

A. Hedging of fair value
3.2.A.1 Hedge financial derivatives: notional end period values

Qualitative information
On first time application of the IFRS9 accounting standard, Banca Cambiano exercised the option provided for by the principle to continue to fully apply the regulations of IAS 39 to all types of hedges. Therefore, the provisions of IFRS 9 regarding hedges are not applied.

A. Hedging of fair value
The Bank’s hedging activity is aimed at protecting the bank portfolio from variations of fair value on deposits and lending caused by fluctuations of the interest rate curve (interest rate risk). As at 31/12/2023 there are no hedging operations.
B. Hedging of cash flows.
The Bank has no current operations for hedging of cash flows.
C. Hedging of foreign investments
The Bank has no current operations for hedging of foreign investments.
D. Hedging instruments
In order for a transaction to be recognised as a “hedge", it is necessary that the following conditions be satisfied: a) the hedge relationship must be formally documented; b) the hedge must be effective from the time it initiates and prospectively for its entire duration. Effectiveness is controlled by means of specific instruments and is considered to exist when variations of fair value of the hedged financial instrument almost entirely sterilize the variations of risk of the hedged instrument. A hedge is considered to be highly effective between a range of 80% through 125%. An effectiveness test is conducted at each close of the financial statements or at the time of any six-month interim financial statements. If the effectiveness test indicates an insufficient hedge and the misalignment is considered not to be temporary, the hedged instrument is allocated to the trading portfolio. Hedges are measured according to the principle of “negotiation date”.
As at 31/12/2023 there are no hedging operations.
E. Hedged assets
As at 31/12/2023 there are no hedging operations.
E.1 Asset securities
As at 31/12/2023 there are no hedging operation.

3.2.A.2 Hedging financial derivatives: gross positive and negative fair value – subdivided by product
3.2.A.4 Residual life of OTC trading financial derivatives: notional values

D. Hedged instruments
3.2.D.1 Hedging of fair value

3.3 Other information on trading and hedging derivative instruments
A. Financial and credit derivatives
3.3.A.1 OTC Financial and credit derivatives: net fair value by counterparties

	Central counterparties	Banks	Other financial companies	Other parties
A. Financial derivatives				
1) Debt securities and interest rates				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0
2) Capital securities and equity indexes				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0
3) Currencies and gold				
- notional value	0	52,641	0	3,131
- net positive fair value	0	148	0	471
- net negative fair value	0	398	0	45
4) Goods				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0
5) Other				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0
B. Credit derivatives				
1) Purchase hedging				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0
2) Sale hedging				
- notional value	0	0	0	0
- net positive fair value	0	0	0	0
- net negative fair value	0	0	0	0

Section 4 – Liquidity risk

A. General information, management procedures and method to measure liquidity risk

Liquidity risk is managed principally by the Treasury and Own Portfolio Office, the Management Control Office and Risk Management, with the aim of verifying the Bank's capacity to efficiently face liquidity requirements and avoid situations of excessive and/or insufficient liquidity, with the consequent need to invest and/or find funds at unfavourable rates with respect to market rates.

The overall model implemented by the Bank to manage and monitor liquidity risk is divided into three separate sectors, according to the perimeter of reference, the time span and the frequency analysis:

- management of intraday liquidity, that is management of daily adjustment of liabilities and receivables on various settlement, payment and compensations systems in which the Bank participates;
- management of operating funds, that is the management of decidedly unstable events that impact the Bank's liquidity standing, principally with the objective of maintaining the Bank's capacity to meet ordinary and extraordinary payment obligations, in a cost-effective manner;
- management of structural liquidity, that is, management of all the bank portfolio events that impact the Bank's overall liquidity position on the medium-term, aiming primarily to maintain an appropriate balance between assets and liabilities on the medium and long-term.

Significant support for liquidity risk management is provided by the monitoring activities carried out by the Risk Management Office, based on a management model that measures the effect of investment/financing operations based on the distribution by transaction expiry. Operations are measured using methods that allow evaluating and assessing both Bank cash flow requirements/surplus generated by unbalances between cash inflow and cash outflow, and the structural balance deriving from the correct composition by maturity of cash sources and lending.

In line with domestic and International best practices and in compliance with vigilance provisions, the model adopted by the Bank to manage operating liquidity is based on the "Maturity Mismatch" approach, which presupposes the construction of a "maturity ladder" (a timeframe of maturity dates) and the allocation of sure and estimated flows over the various periods of the ladder, in order to calculate the cumulative gap for each maturity bracket.
Within the scope of its liquidity policy and in accordance with the tolerance threshold decided by the Board of Directors, the Bank has defined a series of alerts to manage both operating liquidity and structural liquidity.
As regards operating liquidity management, the limits are defined in terms of the absolute cumulative gap values on the various maturities.
The Bank continuously monitors the Counterbalancing Capacity (CBC) value, intended as the availability of assets that may be reimbursed, sold or used in refinancing transactions with the interbanking system and that therefore allow generating cash funds rapidly and efficiently.
The limit adopted by the Bank to monitor structural liquidity is instead defined in terms of the ratio between liabilities and assets with maturities in excess of one year. The aim of using this limit is that of guaranteeing a structural liquidity profile that is consistent with the strategy of financing medium/long-term assets with liabilities that have the same duration.
The Bank has also prepared and implemented a "Liquidity Risk Management and Governance Manual" and a "Contingency Liquidity Plan", which are instruments used to mitigate liquidity risks.
The document details the persons and structures responsible for implementing extraordinary funding policies, as required, as well as any actions to be taken to remedy the extraordinary event situation, in compliance with the regulatory requirements provided for by vigilance regulations.
In the Contingency Liquidity Plan, the Bank has defined a series of risk indicators that are constantly monitored in order to anticipate possible stress or liquidity crisis situations.
The "Liquidity Coverage Ratio" (LCR) is calculated in accordance with EU Delegated Regulation 2015/61, issued to integrate EU Regulation n. 575 of 26 June 2013 of the European Parliament (CRR Regulation), as well as with the additional provisions and recommendations of the European Banking Authority on the matter.
As regards the Net Stable Funding Ratio (NSFR), the Bank has implemented a management-type measurement, according to the provisions of the Basel 3 Framework.
Starting from the date of reference of 9 July 2019, and on a weekly basis, the Risk Management functions sends the Supervisory Authority a special template for the purpose of monitoring liquidity.
During the fiscal year 2023, the following funding transactions were completed:

- on 5 June 2023, the acquisition of the branch of business called "BCC for Web" from Banca di Pisa e Fornacette was completed, resulting in the purchase of n. 17,740 customer codes, susceptible of potential growth, that has generated an inflow of liquidity of € 174 million;
- on 28 June 2023 the transaction for the transfer of in bonis receivables to Illimity Bank was completed, transferring n. 288 positions with a residual value at the date of transfer of € 45.33 million. The aim of this transaction was to slim down operations and reduce costs on completion of the securitisation transaction with Banca BPM (detailed at the following point), initially planned for € 160 million;
- In September 2023, a securitisation transaction for € 123 million was completed, with Banca BPM, transferring to the latter the senior tranche note of € 100 million (coupon equal to three-month Euribor + 1.25%), while the junior tranche note of approximately € 23 million remains with Banca Cambiano;
- Again in September 2023, a green bond was placed, for € 25 million (4.5% interest rate for the first two years, 5.50% for the third and fourth year, and 6.5% for the fifth year);
- In October 2023, a perpetual bond loan (AT1) for € 10 million at 7% was placed with the insurance company Nobis.

In the meeting held on 28 February 2024, the il Board of Directors of the Parent Company Bank approved the update to the Group Funding Plan for the 2024-2025 fiscal years.
For the 2024-2025 fiscal years, no extraordinary liquidity funding operations have been planned, with the exception, starting in the second semester of 2024, of recourse to ECB refinancing operations at 3 months, for € 300 million, secured by Abaco mortgage loans; the purpose of these operations is to guarantee adequate liquidity buffers that are also sufficient to cope with possible stress situations.
The other primary sources of liquidity provided for during the span of the plan are:
• In accordance with the Bank's investment policy based on the maturity of the TLTRO refinancing operations, a reduction of debt securities by maturity is has been planned, involving essentially Italian government bonds, for overall € 425 million (approx. € 320 in 2024 and approx. € 105 in 2025), prevalently in the FVOCI accounting portfolios and at amortised cost;
• ongoing efficiency measures relative to the lending/direct deposits ratio.
As regards the TLTRO refinancing operations, the Plan hypothesises the advance redemption, in March, of the June tranche (€ 100 million) and of a part of the September tranche (€ 100 million of a total of 320 million); for the residual

part of the September 2024 tranche (€ 220 million) and for the December 2024 tranche (€ 115 million), the Plan hypothesizes redemption at maturity, using the maturity dates of the government bonds in the Own (treasury) portfolio. In the meeting held on 28 February 2024, the Board of Directors approved the update to the Contingency Funding Plan (REG 151).

Quantitative information

A.1 Time period distribution by residual contract life of financial assets and liabilities - All currencies – part 1

Line items/Time brackets	On demand	From over 1 day through 7 days	From over 7 days through 15 days	From over 15 days through 1 months	From over 1 month up to 3 months	From over 3 months through 6 months
Cash assets						
A.1 Government bonds	503	0	100,000	25,000	728	67,684
A.2 Other debt securities	0	0	728	12	155	3,458
A.3 Shares in mutual funds	25,722	0	0	0	0	0
A.4 Loans	0	0	0	0	0	0
- Banks	47,576	0	0	0	0	15,000
- Customers	697,417	7,533	10,429	47,789	133,867	122,589
Cash liabilities						
B.1 Deposits and bank accounts	0	0	0	0	0	0
- Banks	50,459	0	0	0	0	0
- Customers	2,790,520	1,179	1,068	4,042	10,160	18,638
B.2 Debt securities	15	0	0	0	22,868	16,653
B.3 Other liabilities	229,416	0	0	0	0	106,189
Off-balance sheet transactions						
C.1 Financial derivatives with an exchange of principal	0	0	0	0	0	0
- Long-term positions	0	225,395	10,074	29,726	24,280	1,736
- Short-term positions	0	228,620	10,218	29,593	24,321	1,734
C.2 Financial derivatives without an exchange of principal	0	0	0	0	0	0
- Long-term positions	0	0	0	0	0	0
- short-term positions	0	0	0	0	0	0
C.3 Deposits and loans to be received	0	0	0	0	0	0
- Long-term positions	0	0	0	0	0	0
- Short-term positions	0	0	0	0	0	0
C.4 Irrevocable commitments to disburse funds	0	0	0	0	0	0
- Long-term positions	561	7	121	8	287	553
- Short-term positions	32,632	0	0	0	0	0
C.5 Issued financial guarantees	480	56	0	1,734	1,908	1,098
C.6 Received financial guarantees	0	0	0	0	0	0
C.7 Credit derivatives with an exchange of principal	0	0	0	0	0	0
- Long-term positions	0	0	0	0	0	0
- Short-term positions	0	0	0	0	0	0
C.8 Credit derivatives without an exchange of principal	0	0	0	0	0	0
- Long-term positions	0	0	0	0	0	0
- Short-term positions	0	0	0	0	0	0

A.1 Time period distribution by residual contract lift of financial assets and liabilities - All currencies – part 2

Line items/Time brackets	From over 6 months through 1 year	From over 1 year through 5 years	Over 5 years	Indefinite duration	Total
Cash assets					
A.1 Government bonds	244,406	320,640	137,453	0	896,414
A.2 Other debt securities	2,088	27,945	3,918	0	38,304
A.3 Shares in mutual funds	0	0	0	0	25,722
A.4 Loans	0	0	0	0	0
- Banks	35,000	0	0	29,508	127,083
- Customers	236,135	886,819	1,100,141	0	3,242,718
Cash liabilities					
B.1 Deposits and bank accounts	0	0	0	0	0
- Banks	0	0	0	0	50,459
- Customers	45,443	358,582	81,632	0	3,311,265
B.2 Debt securities	31,631	43,177	58,061	0	172,406
B.3 Other liabilities	435,000	0	101,413	0	872,019
Off-balance sheet transactions					
C.1 Financial derivatives with an exchange of principal	0	0	0	0	0
- Long-term positions	0	0	0	0	291,211
- Short-term positions	0	0	0	0	294,486
C.2 Financial derivatives without an exchange of principal	0	0	0	0	0
- Long-term positions	0	0	0	0	0

Line items/Time brackets	From over 6 months through 1 year	From over 1 year through 5 years	Over 5 years	Indefinite duration	Total
- short-term positions	0	0	0	0	0
C.3 Deposits and loans to be received	0	0	0	0	0
- Long-term positions	0	0	0	0	0
- Short-term positions	0	0	0	0	0
C.4 Irrevocable commitments to disburse funds	0	0	0	0	0
- Long-term positions	1,683	3,360	26,052	0	32,632
- Short-term positions	0	0	0	0	32,632
C.5 Issued financial guarantees	3,079	19,981	18,473	0	46,810
C.6 Received financial guarantees	0	0	0	0	0
C.7 Credit derivatives with an exchange of principal	0	0	0	0	0
- Long-term positions	0	0	0	0	0
- Short-term positions	0	0	0	0	0
C.8 Credit derivatives without an exchange of principal	0	0	0	0	0
- Long-term positions	0	0	0	0	0
- Short-term positions	0	0	0	0	0

List of guarantees – Situation with Cassa Compensazione e Garanzia and other parties at 31/12/2023

Isin	Security	Nominal value	Book value
IT0005345183	BTP 15.11.2025 2.5%	5,000	4,989
IT0005367492	BTP 01.07.2024 1.75%	37,000	36,980
IT0005386245	BTP 01.02.2025 0.35%	31,000	30,121
IT0005439275	BTP 15.04.2024 0%	50,000	49,500
IT0005452989	BTP 15.08.2024 0%	20,000	19,602
IT0005474330	BTP 15.12.2024 0%	500	485
IT0005474330	BTP 15.12.2024 0%	11,000	10,672
IT0005474330	BTP 15.12.2024 0%	1,500	1,455
IT0005474330	BTP 15.12.2024 0%	1,000	970
IT0005474330	BTP 15.12.2024 0%	31,500	31,526
IT0005474330	BTP 15.12.2024 0%	18,500	18,515
	Totals	**207,000**	**204,815**

List of guarantees – Situation with Eurosystem at 31/12/2023

Isin	Security	Nominal value	Book value	ECB assessment	ECB differences	Portfolio
0	COLLATERALISED RECEIVABLES C/O EUROSYSTEM	199,225	199,225	131,488	-67,736	HTC
0	COLLATERALISED RECEIVABLES C/O EUROSYSTEM	161,844	161,844	106,817	-55,027	HTC
0	COLLATERALISED RECEIVABLES C/O EUROSYSTEM	229,470	229,470	137,682	-91,788	HTC
IT0005315228	PONTORMO RMBS	109,113	109,113	92,006	-17,107	Off balance sheet
IT0005391245	PONTORMO RMBS NOTES A2-19 SUB	136,622	136,622	115,202	-21,420	Off balance sheet
	Totals	**836,274**	**836,274**	**583,196**	**-253,079**	
	Financing taken out c/o Eurosystem – Use	535,000		-549,300		
	Credit line			**33,895**		

List of deposits with Eurosystem at 31/12/2023

Amount	Description	Tasso	Maturity
100,000	Deposit c/o ECB - TLTRO III 8th auction	4.00%	26/06/2024
320,000	Deposit c/o ECB - TLTRO III 9th auction	4.00%	25/09/2024
115,000	Deposit c/o ECB - TLTRO III 10th auction	4.00%	18/12/2024
535,000	Total deposits c/o ECB	**4.00%**	

Section 5 – Operational Risks

Qualitative information

General information, management processes and methods to measure operational risk

Operational risk is defined as the possibility of suffering losses deriving from the inadequacy or dysfunction of procedures, human resources and internal systems, or from external factors. This risk is inherent to banking activity and therefore may be generated by and exist in all company processes. In general, the main sources of operational risk derive from internal fraud, external fraud, employment relationships and on the job safety, professional obligations towards customers, damage from external events, malfunctioning of information technology system and the execution, delivery and management of processes.
The Bank has defined a series of organisational processes aimed at monitoring and management operational risks, with the aid of the following specific organisational functions:

- Internal Audit, whose activities are aimed, on the one hand, at controlling the regularity of operations and risks trends, and on the other at assessing the overall efficiency of the internal controls system;
- The Control Body, pursuant to Italian Legislative Decree 231/2001, whose composition and functions are defined in specific regulations, within the scope of the organisation, management and control model adopted;
- the Risk Management office, which fulfils the requirement of identifying and measuring the risks typical of the banking business through the constant monitoring of risks taken and of those potentially generated by investment, lending and service policies;
- the Compliance Office, with the role of monitoring and controlling observance of regulations, and providing support for prevention and management of the risk of incurring judicial or administrative sanctions and/or of incurring significant losses as a consequence of violation of external or internal regulations.

Furthermore, the following documents have been prepared and are constantly updated, to safeguard against the insurgence of operational risks:

- the “Operational Continuity Plan”, aimed at protecting the Bank from critical events that may harm operations;
- mapping of the main operating processes (credit, finance and teller), with the aim of levelling operator behaviour thereby facilitating the integration of controls.

Particular attention was focused on information technology risks, which are, by definition, included among operational risks, by setting forth regulations and processes for the identification, assessment and limitation of events originating from, or that could originate from, malfunctioning information technology procedures and/or electronic equipment, such as, for example, network crashes, unavailability of internet banking, and imprecise applications for branch operations. Finally, within the scope of actions implemented in order to ensure full compliance with the new Bank of Italy regulations provided for in Circular 285, the Bank has undertaken important initiatives connected to completing transposition within organisational profiles and internal regulations of the references contained in Chapter IV – Corporate government, internal controls, management risks, Chapter 4 (information system) and 9 (business continuity) of the aforementioned new regulations. Within this scope, the Bank, acknowledging the importance of managing information technology risks as a tool to guaranty the efficacy and efficiency of measures aimed at safeguarding the Bank’s own information technology systems, has defined, in accordance with the results of the project elaborated within the Cable network and in compliance regulatory principles and provisions currently in force, a method for the analysis of information technology risks and the relative management process that hinges on the Bank’s broader risk management system. In order to calculate capital requirements for operational risks, the Bank has adopted the Basic Indicator Approach (BIA), which entails that capital hedging this type of risk is equal to 15% of the average of the “relevant indicator” over the previous three years, calculated in accordance with articles 315 and 316 of CRR regulations. Capital absorption for this type of risk at 31 December 2023 is € 18,710,286.

Quantitative information

The amount of losses that were actually recorded during the last two fiscal years is set out below, classified according to the categories provided for by regulatory provisions. These amounts, consequent also to risk assessments conducted on the specific type of risk in review, is not significant; in any event there is specific documentation regarding events that resulted in losses.

Types of events resulting in loss Category of the event (Level 1)	Definition	2023	2022
1. Internal fraud	Losses due to unauthorised activities, fraud, embezzlement or violation of laws, regulations or company policy that involve at least one of the Bank’s internal resources.	0	0
2. External fraud	Losses due to fraud, embezzlement or the violation of laws by parties not employed by the Bank.	14,060	569,408
3. Employment and workplace safety	Losses deriving from acts that violate laws or agreements with respect to employment or workplace health or safety, from the payment of damages for personal injuries or episodes of discrimination or the failure to apply equal treatment.	0	0
4. Customers, products and professional practice	Losses deriving from breaches, either involuntary or due to negligence, relating to professional obligations to specific	1,352,763	3,138,640

Types of events resulting in loss Category of the event (Level 1)	Definition	2023	2022
	customers (including trust and suitability requirements), or from the nature or characteristics of the product.		
5. Damage to property, plants and equipment	Losses deriving from loss or damage to property, plants and equipment resulting from natural catastrophes or other events.	0	0
6. Interruptions of operations and system malfunctions	Losses due to interruptions of operations, to malfunctions or the unavailability of systems.	0	0
7. Performance, delivery and management procedures	Losses due to the failure to complete operations or manage procedures, as well as losses due to relations with commercial counterparties, sellers or suppliers.	148,592	69,538
TOTAL		**1,515,415**	**3,777,586**

ESG Risks

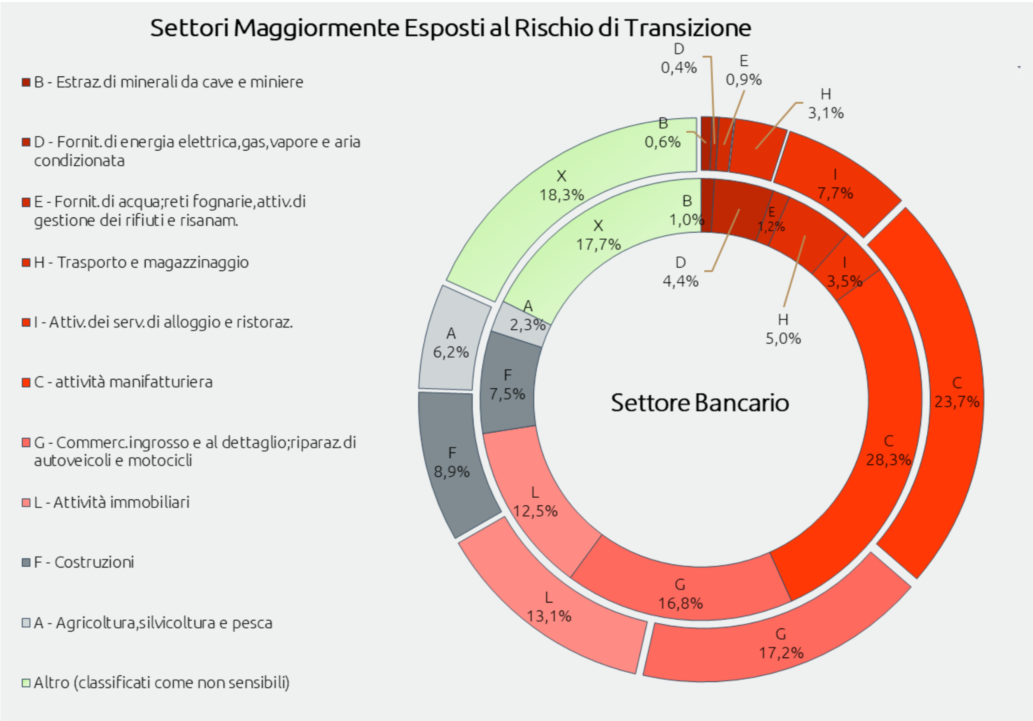
In this initial stage of approaching the assessment of ESG risks, greater attention was focused on climate risks, in line with the recommendations of supervisory authorities, in that such risks are those that, at this time, are in a less embryonic stage in terms of methodological approaches and analysis methods, as compared to the social and governance aspects. Therefore, we have separated climate risks from the map of ESG risks, subdivided into physical and transition risks, with respect to Social and Governance risks, which have a lesser importance and materiality.
To this end, starting in the 2023 fiscal year, quarterly assessments will be made regarding exposure to:

- Transition risk of receivables from non-finance counterparties, evaluating the amount of lending to companies operating in sectors most exposed to this risk factor;
- Physical risk aimed at estimating the impact and the degree of exposure to physical risks of real estate property securing credit exposures, and;
- Physical risk of non-finance companies aimed at estimating the impact and the degree of exposure to physical risks of the real estate property in which the companies have their offices.

The estimation of the level of exposure of the credit portfolio to transition risk was carried out by comparing the sectorial composition of the Bank's credit exposures to corporate counterparties to that of the Italian and European banking sector, focusing attention on those sectors considered as most exposed to this factor of climate risk, so as to measure any over/underexposure of the Bank with respect to the rest of the banking system.
In fact, transition risk, in this specific historical moment, is very connected to the probable impact on companies of European Union environmental policies aimed at reducing greenhouse gas emissions (GHG), to contain the effects of climate change.
This type of impact easily lends itself to being analysed, in first approximation, at a sector level, in that companies operating in the same sector tend on average to have business models that are similar also in terms of emissions, and therefore of potential impact.
Therefore, the analysis was aimed at comparing the sectorial composition of the Bank's "corporate" credit portfolio to that of the banking sector as a whole.
Below is the composition of lending across the economic sectors considered most exposed to transition risk. These sectors were identified based on information provided by the supervisory authority, specifically, the list of sectors for which the EBA has required banks to provide specific supplementary Pillar 3 information in relation to transition risk . The data regarding Italian and European bank exposures have been extracted from the EBA database, updated to December 2022.

Cod. NACE	Settori Esposti al Rischio di Transizione	Europa	Italia	Banca Cambiano
B	B - Estraz.di minerali da cave e miniere	1,3%	1,0%	0,6%
D	D - Fornit.di energia elettrica,gas,vapore e aria condizionata	5,3%	4,4%	0,4%
E	E - Fornit.di acqua;reti fognarie,attiv.di gestione dei rifiuti e risanam.	0,9%	1,2%	0,9%
H	H - Trasporto e magazzinaggio	5,6%	5,0%	3,1%
I	I - Attiv.dei serv.di alloggio e ristoraz.	2,6%	3,5%	7,7%
C	C - attività manifatturiera	15,8%	28,3%	23,7%
G	G - Commerc.ingrosso e al dettaglio;riparaz.di autoveicoli e motocicli	12,8%	16,8%	17,2%
L	L - Attività immobiliari	25,0%	12,5%	13,1%
F	F - Costruzioni	4,9%	7,5%	8,9%
A	A - Agricoltura,silvicoltura e pesca	3,7%	2,3%	6,2%
X	Altro (classificati come non sensibili)	22,0%	17,7%	18,3%
TOT	TOTALE	100,0%	100,0%	100,0%

Furthermore, the graph below shows the weight of the various more exposed sectors, scaling the greater/lesser level of exposure of each sector based on colour, the darker red tones indicating the most exposed sectors, and vice versa. The degree of relative exposure of the various sectors was extracted from the preliminary analyses carried out by the ECB, which show the level of exposure of the sectors most exposed to risk, essentially extrapolated from their level of GHG intensity (average ratio between greenhouse gas emissions and revenue).



The analysis of the sectorial composition of Banca Cambiano lending shows a level of exposure to sectors most exposed to transition risk that is substantially in line with that of the banking sector as a whole; the only areas that show a slightly higher weight of exposure are those related to hospitality and food services, agriculture and real estate (this latter, however, is not among those sectors most exposed to this risk factor). The Bank has a low risk exposure, as compared to European and Italian system values, to the mining and energy sectors (letters B and D), that are sectors extremely subject to the dynamics of transition risk, due to their characteristics.
Another analysis was also conducted to assess the weight of Bank revenues with respect to the sectors with the highest transition risk, analysing the composition of interest income. The table below shows the detail of the sector-based contribution to earned interest and interest income, and with the same granularity used to describe the composition of the portfolio.

Cod. NACE	Settori Redditività da Interessi Banca Cambiano	Interessi Attivi	Margine di Interesse
B	B - Estraz.di minerali da cave e miniere	0,29%	0,33%
D	D - Fornit.di energia elettrica,gas,vapore e aria condizionata	0,16%	0,18%
E	E - Fornit.di acqua;reti fognarie,attiv.di gestione dei rifiuti e risanam.	0,29%	0,33%
H	H - Trasporto e magazzinaggio	0,99%	1,10%
I	I - Attiv.dei serv.di alloggio e ristoraz.	3,49%	3,79%
C	C - attività manifatturiera	8,38%	9,15%
G	G - Commerc.ingrosso e al dettaglio;riparaz.di autoveicoli e motocicli	6,52%	6,97%
L	L - Attività immobiliari	5,82%	6,45%
F	F - Costruzioni	3,89%	4,24%
A	A - Agricoltura,silvicoltura e pesca	2,43%	2,56%
X	Altri Settori poco sensibili al rischio di transizione	32,63%	31,52%
Y	Altre Componenti del MINT (non sensibili al rischio di transizione)	35,11%	33,38%
TOT		100,00%	100,00%

In terms of physical risks, landslide, water and earthquake risks were analysed, both in terms of the NFC portfolio (based on the municipality in which the company has its registered offices), and in terms of real estate property securing the credit exposures. As regards landslide and water risks, reference was made to the contents of the ISPRA (national environmental protection agency) Environmental Report n. n. 356/2021 – "Hydrogeological instability in Italy: hazard level and risk indicators" in which, regarding the risk of landslides, the municipal territorial area is divided according to

5 hazard classes (AA – warning area; P1 –moderate hazard; P2 – medium hazard; P3 – high hazard; P4 – extremely high hazard); while in terms of water risk, the municipal territorial area is subdivided according to 3 hazard classes (HPH – high hazard; MPH – medium hazard; LPH – low hazard).

As regards earthquake risk, reference was instead made to the contents of the "Earthquake classification 04/2023" document, written and published by the Civil Protection Department, in which municipalities are subdivided according to 4 hazard classes (1 – extremely high hazard; 2 – high hazard; 3 – medium hazard; 4 – low hazard), to which we have attributed a percent of growing risk, from 0% for municipalities in low hazard areas, to 100% for municipalities in extremely high hazard areas.

The outcomes of the assessment on Bank exposures at 31/12/2023 are summarised in the tables that follow:

<u>Physical risk of exposures to non-finance companies</u>

Ateco	Esposizione	% su totale esposizione	n. NDG	% su totale NDG	Indicatore sintetico rischio fisico	di cui FRANA	di cui IDRICO	di cui SISMICO
A - AGRICOLTURA, SILVICOLTURA E PESCA	125.026.735,18	6,26%	482	4,74%	47,75%	67,98%	37,45%	37,83%
B - ESTRAZIONE DI MINERALI DA CAVE E MINIERE	12.454.886,59	0,62%	7	0,07%	47,18%	56,13%	52,07%	33,33%
C - ATTIVITÀ MANIFATTURIERE	411.255.730,52	20,59%	1.727	16,98%	50,91%	66,28%	50,05%	36,38%
D - FORNITURA DI ENERGIA ELETTRICA, GAS, VAPORE E ARIA CONDIZIONATA	5.894.187,32	0,30%	18	0,18%	53,78%	50,50%	75,65%	35,19%
E - FORNITURA DI ACQUA; RETI FOGNARIE, ATTIVITÀ DI GESTIONE DEI RIFIUTI E RISANAMENTO	12.041.178,22	0,60%	34	0,33%	52,82%	58,04%	63,15%	37,25%
F - COSTRUZIONI	146.816.260,58	7,35%	1.101	10,82%	50,83%	63,35%	53,99%	35,15%
G - COMMERCIO ALL'INGROSSO E AL DETTAGLIO; RIPARAZIONE DI AUTOVEICOLI E MOTOCICLI	274.844.082,80	13,76%	2.204	21,67%	51,22%	61,01%	56,73%	35,92%
H - TRASPORTO E MAGAZZINAGGIO	43.218.525,97	2,16%	293	2,88%	50,57%	57,33%	58,65%	35,74%
I - ATTIVITÀ DEI SERVIZI DI ALLOGGIO E DI RISTORAZIONE	130.054.814,23	6,51%	1.173	11,53%	50,44%	59,25%	56,15%	35,92%
J - SERVIZI DI INFORMAZIONE E COMUNICAZIONE	16.376.278,25	0,82%	212	2,08%	52,44%	54,70%	67,71%	34,91%
K - ATTIVITÀ FINANZIARIE E ASSICURATIVE	293.121.406,03	14,67%	97	0,95%	47,14%	43,15%	61,15%	37,11%
L - ATTIVITÀ IMMOBILIARI	239.117.321,50	11,97%	664	6,53%	51,25%	54,83%	62,12%	36,80%
M - ATTIVITÀ PROFESSIONALI, SCIENTIFICHE E TECNICHE	143.787.246,35	7,20%	970	9,54%	51,08%	54,56%	63,13%	35,57%
N - NOLEGGIO, AGENZIE DI VIAGGIO, SERVIZI DI SUPPORTO ALLE IMPRESE	36.632.714,18	1,83%	255	2,51%	49,70%	54,50%	57,49%	37,12%
O - AMMINISTRAZIONE PUBBLICA E DIFESA; ASSICURAZIONE SOCIALE OBBLIGATORIA	917.975,35	0,05%	6	0,06%	56,48%	63,70%	61,28%	44,44%
P - ISTRUZIONE	5.889.072,22	0,29%	50	0,49%	51,63%	52,72%	65,50%	36,67%
Q - SANITÀ E ASSISTENZA SOCIALE	48.179.177,46	2,41%	213	2,09%	50,54%	56,24%	57,36%	38,03%
R - ATTIVITÀ ARTISTICHE, SPORTIVE, DI INTRATTENIMENTO E DIVERTIMENTO	18.182.729,99	0,91%	166	1,63%	51,73%	56,54%	63,71%	34,94%
S - ALTRE ATTIVITÀ DI SERVIZI	33.869.273,81	1,70%	499	4,91%	51,74%	62,11%	57,30%	35,80%
Totale complessivo	**1.997.679.596,55**	**100,00%**	**10.171**	**100,00%**	**50,82%**	**60,51%**	**55,88%**	**36,08%**

<u>Physical risk of real estate property securing credit exposures</u>

Livello di rischio	Esposizione	% su totale esposizione	Numero NDG	% su totale NDG	Indicatore sintetico rischio fisico
Trascurabile	4.420.939,76	0,30%	27,00	0,23%	3,75%
Basso	74.879.357,60	5,06%	497,00	4,20%	22,11%
Medio	1.330.720.034,40	89,89%	10.510,00	88,77%	50,69%
Alto	70.323.073,31	4,75%	805,00	6,80%	61,21%
Totale complessivo	**1.480.343.405,07**	**100,00%**	**11.839,00**	**100,00%**	**50,07%**

Public disclosure of information

Information regarding capital adequacy, risk exposure and the characteristics of the systems set up to identify, measure and manage the aforementioned risks, as required by the "Supervisory Instructions for Banks" (Circular n. 285 of 17 December 2013), under Title III "Public Disclosure", is published on the Bank's web site, at the URL address: https://www.bancacambiano.it/banca/informativa-al-pubblico/

PART F – Information on capital

Section 1- Shareholders' equity

A. Qualitative information

The Board of Directors is responsible for managing corporate equity and defining the optimal volume of share capital based on corporate policies and strategic choices. In accordance with the strategic guidelines for development, the Bank has adopted all the measures necessary to ensure current and prospective capital adequacy, in consideration of current Bank of Italy regulations, the new Basel 3 regulatory framework, on the basis of which own funds are defined, and the targets required by the Supervisory Authority. As of 2019, Banca Cambiano has a Capital Management Plan that is systematically monitored by the Risk Management Office, which monitors current and prospective capital adequacy. Compliance with supervisory requirements is verified on at least a quarterly basis, and additional, specific assessments may be carried out as needed, for preventive evaluation of capital adequacy in view of extraordinary transactions.

The obligatory minimum external capital requirements that the Bank uses as reference are composed of the minimum parameters set forth in article 92 of the CRR, the decisions relating to capital issued by Bank of Italy on conclusion of the periodical SREP prudential review process, and by the combined capital reserve requirement (capital conservation reserve -CCoB- and anti-cyclical capital reserve -CCyB-) that is currently applicable.
In consideration of the above, and of the fact that the CCyB is set at 0%, Banca Cambiano is required to comply with the following requirements:

- Cet1 ratio equal to 8.00% composed of the Total SREP Capital Requirement binding measures for 5.50% (of which 4.5% pursuant to art. 92 CRR) and of the Capital Conservation reserve for 2.5%;
- Tier 1 ratio equal to 9.90%: composed of the Total SREP Capital Requirement binding measures for 7.40% (of which 6% pursuant to art. 92 CRR) and of the Capital Conservation Reserve for 2.5%;
- Total Capital ratio equal to 12.30% composed of the Total SREP Capital Requirement binding measures for 9.80% (of which 8% pursuant to art. 92 CRR) and of the Capital Conservation reserve for 2.5%.

To ensure that the above binding measures are met even in the event of deterioration of the economic and financial context, the Target component (Pillar 2 Guidance, P2G) identified in the event of a greater risk in stress conditions amounts to 1.25%.

The value of own funds, that at 31/12/2023 amounts to 13.197% of CET1, 15.550% of Tier1 and 19.354% of Total Capital, is fully compliant on all three levels of binding capital and the capital conservation reserve is hedged by Tier 1 capital.

The reported values are calculated using the so-called transitory regime, in reference to:

- (EU) Regulation 2020/873 (so-called "Quick fix"): in 2020, the Bank opted to extend the transitory period (art. 473 bis CRR), reformulating the intervention on allocations for expected losses on loans recognised starting from 01/01/2020 in response to the Covid-1 emergency and, starting from 31/03/2021, applied the prudential filters (so-called 'new dynamic approach'). At 31/12/2023 the Cet1 add-back component was equal to 50% of the difference in the increase of allocations for expected losses, net of taxes on loans in stage 1 and stage 2, as compared to the allocations referred to the same stages present at 01.01.2020, for an overall amount of 1.7 million euro.
- RWA: risk weighted assets increased, in connection to the reduction of the admissible amount of overall value adjustments on exposures falling within the perimeter of application of impairment regulations (static approach and new dynamic approach perimeter), to the extent of 100% of the amount itself. The Bank, therefore, chose to use said calculation (pursuant to art. 473 bis, par. 7 bis) in place of the "graduation factor", the calculation method of which is specified in art. 473 bis, par. 7 letter b).
- (EU) Delegated Regulation 2020/2176 : only from the 4th quarter of 2022, the Bank began applying the deduction of assets in the form of software from CET1 elements, through the calculation of prudential depreciation calculated over 3 years, regardless of the estimated service life for accounting purposes. At the date of closing of the financial statements, the minor deducted amount is equal to 1.08 million euro.

The value of so-called "fully loaded" own funds at 31/12/2023, calculated not considering the dynamic regime in effect until 2025, as a percent of total RWA calculated without the increase connected to the above depreciation, generates the following capital ratios: 13.106% of CET1, 15.463% of Tier1 and 19.270% of Total Capital.

Current and prospective capital adequacy management is executed not only by assessing and monitoring regulatory capital against Pillar I risks, but also by assessing internal capital capable of guarding against any type or risk (so-called

Pillar II risks) within the scope of the ICAAP -Internal Capital Adequacy Assessment Process that culminates in the preparation of the annual group-level report and that constitutes the basis for the subsequent review and prudential assessment (SREP) by the Supervisory Authority.

The Bank's shareholders' equity is determined by the sum of share capital, premium share reserve, reserves from gains, valuation reserves, capital instruments and profit for the fiscal year, in the amount destined to reserve, as specified in Part B of this Section.

B. Quantitative information

B.1 Shareholders' equity: breakdown

Line items\Values	Amount at 31/12/2023	Amount at 31/12/2022
1. Share capital	252,800	232,800
2. Premiums on issue of shares	803	803
3. Reserves	-38,591	-53,655
- from gains	-38,591	-53,655
a) legal	2,758	1,870
b) statutory	0	0
c) treasury shares	0	0
d) other	-41,349	-55,525
- Other	0	0
4. Capital instruments	40,000	30,000
5. (Treasury shares)	0	0
6. Valuation reserves	-7,783	-20,516
-Capital securities measured at fair value with impact on total profits	-428	-336
- Hedges on capital securities measured at fair value with impact on total profits	0	0
- Financial assets (other than capital securities) measured at fair value con with impact on total profit	-7,754	-20,429
- Property, plants and equipment	0	0
- Intangible assets	0	0
- Hedging of foreign investments	0	0
- Hedging of cash flows	0	0
- Hedging instruments (unmeasured instruments)	0	0
- Exchange rate differences	0	0
- Non-current assets and groups of assets in the course of divestment	0	0
- Financial liabilities measured at fair value with impact on the income statement (variations of own creditworthiness)	0	0
- Actuarial profit (loss) relative to defined benefit pension plans	-756	-687
- Share of valuation reserves relative to subsidiaries measured at shareholders' equity	1,155	936
- Special revaluation laws	0	0
- *Financial assets available for sale (ex IAS 39)*	0	0
7. Profit (loss) for the fiscal period	22,075	17,762
Total	**269,304**	**207,194**

B.2 Valuation reserves of financial assets measured at fair value with impact on total profits: breakdown

Assets/values	Total at 31/12/2023		Total at 31/12/2022	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	0	7,754	2	20,431
2. Capital securities	28	455	60	396
3. Loans	0	0	0	0
Total	**28**	**8,209**	**63**	**20,827**

B.3 Valuation reserves of financial assets measured at fair value with impact on total profits: annual variations

Line items	Debt securities	Capital securities	Loans
1. Initial value	**-20,429**	**-336**	**0**
2. Additions	**13,639**	**143**	**0**
2.1 Increases of fair value	12,137	143	0
2.2 Value adjustments due to impairment	0	0	0
2.3 Reversal to the income statement of negative reserves on disposal	1.503	0	0
2.4 Transfers to other components of shareholders' equity(capital securities)	0	0	0
2.5 Variations of value	0	0	0
3. Reductions	**964**	**235**	**0**
3.1 Decreases of fair value	784	235	0
3.2 Write-backs of value due to impairment	0	0	0

Line items	Debt securities	Capital securities	Loans
3.3 Reversal to the income statement from positive reserves: on disposal	180	X	0
3.4 Transfers to other components of shareholders' equity (capital securities)	0	0	0
3.5 Variations of value	0	0	0
4. Final values	**-7,754**	**-428**	**0**

Section 2 – Own funds and capital adequacy ratios

As provided for by the contents of Circular 162 currently in force "Bank financial statements: layout and preparation", please refer to the contents of the public disclosure information ("Third Pillar"), provided on a Consolidated level by the Gruppo Bancario Cambiano.

PART G – Merger transactions regarding businesses or company branches

Section 1 – Transactions during the fiscal year

As specified in the report on management of the Parent Company, with notary deed undersigned on 30/05/2023, the transfer of the branch of business "BCC For Web" by Banca di Pisa e Fornacette – Credito Cooperativo ScpA in favour of Banca Cambiano 1884 Spa was stipulated, effective as of 1 June 2023, with the actual transfer of the branch on 2 June 2023:

a) The overall price of the branch of business was set at € 100 thousand, all inclusive;
b) Branch of Business is intended as meaning: (i) the whole of customer relations identified in the on-line branch of Banca di Pisa, composed of both bank account contracts and term deposits, securities portfolios (including all data and documents related thereto, in conformity with vigilance and privacy regulations), all outlined in detail in the specific annex to the Deed of Transfer; (ii) two employee work contracts related to the personnel assigned to this activity; and (iii) the contracts underwritten with IDSign Srl and Infocert Spa, already terminated within the terms set forth by the respective contracts and/or extended up to 30 June 2023, as last date of efficacy;
c) The priced is a function for transfer with balanced accounts, without transfer of shareholders' equity, and is therefore also an expression of the goodwill of the branch, and will remain unvaried regardless of variations to the volumes at the date of effectiveness of the transfer;
d) The entire price will be paid over on stipulation of the Deed of Transfer;
e) The relationships identified in the branch were migrated on 2 June 2023.

The recognition of the assets acquired and liabilities assumed from the purchased entity (BCC for web) at the inferable fair value at the date of acquisition, in application of the IFRS3 accounting principle, was executed on 2 June 2023.

Accounting of the business combination transaction according to the method of acquisition provided for by IFRS 3

The IFRS 3 international accounting principle, used for the "BCC for Web" business branch acquisition transaction requires that an entity must book every company merger by applying the acquisition method. The principle allows for a temporary allocation, for 12 months from the acquisition, which the Group applied. Based on this method, at the date of acquisition, the acquirer must:

- Identify the acquirer and the date of acquisition;
- determine the cost of the acquisition;
- allocate the cost of the acquisition (so-called "Purchase Price Allocation", hereinafter "PPA") by recognising the identifiable assets acquired, liabilities assumed, and the potential liabilities of the purchased company, at the relative fair values at the date of acquisition, with the exception of non-current assets (or groups of assets in the course of divestment) classified as held for sale, in accordance with the provisions of IFRS 5. Furthermore, any intangible assets, even if not yet recognised by the purchased business, must also be recognised. Any cost surplus of the business combination, not allocated to the items of assets acquired and liabilities assumed must be recognised as goodwill; to the contrary, any negative differences deriving from the accounting of the business combination at favourable prices must be recognised in the income statement as negative goodwill").

Identification of the acquirer and of the acquisition date and determining the cost of acquisition

As regards the transaction in question, the acquirer is represented by Banca Cambiano 1884 S.p.A. as acquiring company; as provided for by the contract, the assets acquired and liabilities assumed of the purchased entity (BCC for Web), including any intangible assets, are recognized and measured at the relative fair values at the date of acquisition, in application of the IFRS3 accounting principle, as at 2 June 2023.

The fair value of assets acquired and liabilities assumed

Paragraph 18 of IFRS 3 requires that the acquiring company (Banca Cambiano) recognise the assets acquired and liabilities assumed of the acquired company (BCC for Web), including any intangible assets, at the acquisition-date fair value.

To this end, an independent expert was tasked with providing the Board of Directors of Banca di Cambiano 1884 S.p.A. reference and support information regarding recognition pursuant to the provisions of IFRS 3 as regards the assets and liabilities of BCC for Web.

The reference values at the date of acquisition were identified by the contract based on the accounts on the disposal date prepared with reference to the date of 29 May 2023; said values were then taken based on the inventories produced at the date of efficacy of the transfer (2 June 2023). The same values were included in the definitive accounting situation underwritten by the acquirer and the transferor, as provided for by the contract itself (with exchange of correspondence by registered electronic mail within the term of 60 days from the date of effectiveness).

Detailed information of the net value of acquired assets and assumed liabilities, as previously determined, is provided in the table below. The table also shows the differences that emerged at the date of acquisition within the scope of the PPA process, between the accounting values of the acquired elements and the relative fair value indicated by the tasked entity:

	Asset line items	Value at 02/06/2023	Fair value attributed during the acquisition stage	Differences
10.	Cash and cash equivalents	174,353,566	174,353,566	0
40.	Financial assets measured at amortised cost	152,091	152,091	0
	a) receivables from banks	151,698	151,698	0
	b) receivables from customers	393	393	0
90.	Intangible assets	100,000	1,391,482	1,291,482
	of which:			
	- goodwill		0	0
120.	Other assets	222,105	222,105	0
	Total assets	**174,827,762**	**176,119,244**	**1,291,482**

	Liabilities and shareholders' equity line items	Value at 02/06/2023	Fair value attributed during the acquisition stage	Differences
10.	Financial liabilities measured at amortised cost	174,827,595	174,827,595	0
	a) payable to banks	0	0	0
	b) payable to customers	174,827,595	174,827,595	0
	c) outstanding securities	0	0	0
90.	Employee severance pay	167	167	0
	Total liabilities and shareholders' equity	**174,827,762**	**174,827,762**	**0**
	Net value of assets acquired and liabilities assumed	**0**	**1,291,482**	**1,291,482**

The acquired elements also include indirect deposits for overall € 113 million, as shown in the table below.:

Indirect deposits	Value at 02/06/2023
Indirect deposits – Administered	99,810,629
Indirect deposits – Managed	13,413,977
Indirect deposits – TOTAL	**113,224,606**

Following the measurement of fair value, the net value of the assets acquired and liabilities assumed changes to € 1.391 million, of which, less the consideration of € 100 thousand paid, gives rise to intangible assets in the amount of € 1.291 million recognized as an offset to badwill allocated at Line item 220 "Other operating income" as shown in the table below. Based on the results of the estimations by the independent expert, the useful life of intangible assets was calculated as being three fiscal periods.

DATA AT 31/12/2023 resulting from the PPA process	
Determination of Badwill/Goodwill:	**Final data**
Price paid	-100,000
"Temporary" value of assets acquired and liabilities assumed for the BCC for Web business branch at 05/06/2023 (pre-determination of Fair value)	0
Value attributed at 31/12/2023 resulting from the PPA	1,391,482
Badwill	**1,291,482**

Section 2 – Transactions after the close of the fiscal year

After the close of the fiscal year in review, there were no company merger transactions.

Section 3 – Retroactive adjustments

There were no adjustments recognised during the fiscal year in review, relative to company merger transactions perfected during previous fiscal years.

PART H – Transactions with related parties con parti correlate

Introduction

At 31 December 2023, the Bank is the Parent Company of the Gruppo Bancario Cambiano banking group, composed of:

- Cambiano Leasing S.p.a.
- Società Immobiliare 1884 S.r.l.

The types of related parties, as defined by IAS 24, that are significant to the Bank, include:

- the controlling company;
- the subsidiaries;
- executives having strategic responsibilities;
- close relations of executives having strategic responsibilities or companies controlled by (or associated to) the same or by (to) close relatives.

The information regarding compensation for executives having strategic responsibilities and that regarding transactions with related parties are provided here following.

1. Information on compensation for executives having strategic responsibilities

The definition of executives having strategic responsibilities, according to IAS 24, includes those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including the Bank directors.

In conformity with the provisions of Bank of Italy Circular n. 262 of 22 December 2005 (8th update of 17 November 2022) the members of the Board of Statutory Auditors are also included among executives having strategic responsibilities.

The table below shows the compensation in 2023, for directors, statutory auditors and executives having strategic responsibilities:

Information regarding compensation for executives having strategic responsibilities (gross amounts)

Line items	31/12/2023	31/12/2022	Var.	% Var.
a) Compensation for directors	522	379	143	37.78%
b) Compensation for statutory auditors	283	236	47	20.03%
c) Compensation for executives	1,241	1,223	17	1.41%
Total	**2,045**	**1,838**	**208**	**11.29%**

Information on transactions with related parties

Administrators	31/12/2023	31/12/2022	Var.	% Var.
a) Receivables	8,075	11,096	-3,021	-27.23%
b) Issued guarantees	45	1,500	-1,455	-96.99%
Total	**8,121**	**12,596**	**-4,476**	**-35.53%**

Statutory auditors	31/12/2023	31/12/2022	Var.	% Var.
a) Receivables	0	76	-76	-100.00%
b) Issued guarantees	0	0	0	
Total	**0**	**76**	**-76**	**-100.00%**

Information regarding transactions with related parties

The schedule below shows the assets, liabilities, guarantees and commitments as at 31 December 2023, 2021, subdivided by the various types of related party, in accordance with IAS 24.

Balance sheet line items	Parent Company	Subsidiaries	Controlled	Statutory Auditors	Managers with strategic responsibilities	Other related parties	Total	% on balance sheet line item
Line item 40 - Financial assets measured at amortised cost - a) receivables from banks	0	0	0	0	0	0	0	0.00%
Line item 40 - Financial assets measured at amortised cost - b) receivables from customers	11,442	265,975	8,075	0	619	2,500	288,611	8.44%
Line item 120 - Other assets	0	0	0	0	0	0	0	0.00%
Total assets	**11,442**	**265,975**	**8,075**	**0**	**619**	**2,500**	**288,611**	**6.00%**

Balance sheet line items	Parent Company	Subsidiaries	Controlled	Statutory Auditors	Managers with strategic responsibilities	Other related parties	Total	% on balance sheet line item
Line item 10 - Financial liabilities measured at amortised cost - a) payable to banks	0	0	0	0	0	0	0	0.00%
Line item 10 - Financial liabilities measured at amortised cost -b) payable to customers	0	0	6,971	149	1,949	8,012	17,082	0.47%
Line item 50 - Other liabilities	0	0	0	0	0	0	0	0.00%
Total liabilities	**0**	**0**	**6,971**	**149**	**1,949**	**8,012**	**17,082**	**0.36%**
Issued guarantees	**5**	**6,987**	**45**	**0**	**15**	**2,614**	**9,666**	

As regards transactions with parties that exercise administrative, management and control functions vis-à-vis the Bank, article 136 of Legislative Decree 385/1993 and article 2391 of the Italian Civil Code apply.
More in general, as regards transactions with related parties, as defined by IAS 24, the provisions for prudential supervision contained in Title V, chapter 5 of the Bank of Italy Circular n. 263/2006 ("Risk activities and conflicts of interest with related parties"), also apply, save for a few cases due to the imperfect coincidence between the fields of application of the two regulations.
Transactions with related parties are regularly carried out at market conditions and always on the basis of evaluations of economic convenience and in compliance with current regulations, appropriately explanation of the convenience in concluding the transaction.
Among the various valid intergroup contracts existing at the close of the fiscal year, please note:

1) The convention stipulated between the Bank and the Controlling company relating to the execution by the Bank of administration and supervisory activities;
2) Contracts relative to execution by the Parent Company of Anti-Money Laundering, inquiry and risk management activities for subsidiaries;
3) Financing contracts:
    a) Financing for cash flow flexibility related to the financial needs of the parent company amounting to 20 million euro, granted in the technical form of opening credit in bank accounts, at a 1% rate;
    b) Financing for cash flow flexibility related to the financial needs of Cambiano Leasing amounting to € 293 million, granted in the technical form of opening credit in bank accounts, at a Euribor 3m + 1.30% rate;
    c) Financing for cash flow flexibility related to the financial needs of Immobiliare 1884 srl amounting to € 17.7 million, granted in the technical form of opening credit in bank accounts, at a 2% rate, and an unsecured loan for € 738 thousand, at a 6% rate.

REPORT ON THE ACCOUNTING AUDIT OF THE FINANCIAL STATEMENTS FOR THE FISCAL YEAR

Deloitte.

Deloitte & Touche S.p.A.
Via Pier Capponi, 24
50132 Firenze
Italia

Tel: +39 055 2671011
Fax: +39 055 282147
www.deloitte.it

RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE AI SENSI DELL'ART. 14 DEL D. LGS. 27 GENNAIO 2010, N. 39 E DELL'ART. 10 DEL REGOLAMENTO (UE) N. 537/2014

Agli Azionisti della
Banca Cambiano 1884 S.p.A.

RELAZIONE SULLA REVISIONE CONTABILE DEL BILANCIO D'ESERCIZIO

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Banca Cambiano 1884 S.p.A. (la "Banca"), costituito dallo stato patrimoniale al 31 dicembre 2023, dal conto economico, dal prospetto della redditività complessiva, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa che include le informazioni rilevanti sui principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Banca al 31 dicembre 2023, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 43 del D.Lgs. n. 136/15.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Banca in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio d'esercizio nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Classificazione e valutazione dei crediti verso la clientela valutati al costo ammortizzato deteriorati classificati a sofferenza e inadempienza probabile

Descrizione dell'aspetto chiave della revisione	Come riportato nel paragrafo "Qualità del credito" della relazione sulla gestione e nelle informazioni di natura quantitativa della "Sezione 1 – Rischio di credito" della Parte E – Informazioni sui rischi e sulle relative politiche di copertura della nota integrativa al 31 dicembre 2023, i crediti verso clientela valutati al costo ammortizzato deteriorati della Banca Cambiano 1884 S.p.A. ammontano ad un valore lordo pari ad Euro 236,7 milioni, a cui sono associate rettifiche di valore specifiche pari ad Euro 92,8 milioni con un conseguente valore netto pari ad Euro 143,9 milioni. La relazione sulla gestione evidenzia inoltre che il grado di copertura (c.d. "coverage ratio") dei crediti verso clientela valutati al costo ammortizzato deteriorati al 31 dicembre 2023 è pari al 39,21%. In particolare, i suddetti crediti deteriorati, classificati secondo quanto previsto dal principio contabile internazionale IFRS 9 "Strumenti finanziari" nel c.d. "terzo stadio", includono sofferenze per un valore netto pari ad Euro 47,8 milioni, con un coverage ratio pari al 49,75% ed inadempienze probabili per un valore netto pari ad Euro 81,8 milioni, con un coverage ratio pari al 35,05%. Per la classificazione delle esposizioni creditizie per classi di rischio omogenee, la Banca fa riferimento alla normativa di settore e alle disposizioni interne che disciplinano le regole di classificazione e trasferimento nell'ambito delle diverse categorie di rischio. Nella determinazione del valore recuperabile dei crediti verso la clientela valutati al costo ammortizzato deteriorati, la Banca, nell'ambito delle proprie politiche di classificazione e valutazione, ha fatto ricorso a processi e modalità di valutazione caratterizzati da elementi di soggettività e di stima di talune variabili, quali, principalmente, i flussi di cassa previsti, i tempi di recupero attesi e il presumibile valore di realizzo delle garanzie, ove presenti, la cui modifica può comportare una variazione del valore recuperabile finale. Nella relazione sulla gestione e nella nota integrativa Parte A – Politiche contabili, Parte B – Informazioni sullo stato patrimoniale, Sezione 4 dell'attivo, Parte C – Informazioni sul conto economico, Sezione 8, Parte E – Informazioni sui rischi e sulle relative politiche di copertura è riportata l'informativa sugli aspetti sopra descritti.

Deloitte.

	In considerazione della significatività dell'ammontare dei crediti verso clientela valutati al costo ammortizzato deteriorati iscritti in bilancio, della complessità dei processi di stima adottati dalla Banca che hanno comportato un'articolata attività di classificazione in categorie di rischio omogenee, nonché della rilevanza delle componenti discrezionali insite nella natura estimativa del valore recuperabile (quali le stime dei flussi di cassa attesi, dei relativi tempi di recupero e del valore delle eventuali garanzie nonché le possibili strategie di recupero), abbiamo ritenuto che la classificazione dei crediti verso clientela valutati al costo ammortizzato deteriorati classificati a sofferenza e a inadempienza probabile e la loro valutazione siano da considerare un aspetto chiave della revisione contabile del bilancio d'esercizio della Banca Cambiano 1884 S.p.A. al 31 dicembre 2023.
Procedure di revisione svolte	Nell'ambito delle attività di revisione sono state svolte, tra le altre, le seguenti principali procedure: • comprensione della normativa interna, dei processi e dei relativi presidi organizzativi e procedurali posti in essere dalla Banca in relazione alle modalità di classificazione e di determinazione del valore recuperabile dei crediti verso clientela valutati al costo ammortizzato deteriorati, classificati a sofferenza e inadempienza probabile, al fine di verificarne la conformità al quadro normativo di riferimento ed ai principi contabili applicabili; • verifica dell'implementazione e dell'efficacia operativa dei controlli chiave identificati con riferimento ai suddetti processi; • analisi qualitativa ed andamentale dei crediti verso clientela valutati al costo ammortizzato deteriorati, classificati a sofferenza e inadempienza probabile, mediante il calcolo di opportuni indicatori quali/quantitativi al fine di identificare eventuali elementi di interesse; • verifica, per un campione di posizioni selezionate, della classificazione e determinazione del valore recuperabile dei crediti verso clientela valutati al costo ammortizzato deteriorati, classificati a sofferenza e inadempienza probabile, sulla base del quadro normativo di riferimento, dei principi contabili applicabili; • analisi degli eventi successivi alla data di chiusura del bilancio; • verifica della completezza e della conformità dell'informativa fornita nel bilancio rispetto a quanto previsto dal quadro normativo di riferimento e dai principi contabili applicabili.

Classificazione dei crediti verso clientela valutati al costo ammortizzato non deteriorati a maggiore rischio

Descrizione dell'aspetto chiave della revisione	Come riportato nel paragrafo "Qualità del credito" della relazione sulla gestione e nelle informazioni di natura quantitativa relative al rischio di credito della Parte E – Informazioni sui rischi e sulle relative politiche di copertura della nota integrativa al 31 dicembre 2023, i crediti verso clientela valutati al costo ammortizzato non deteriorati della Banca Cambiano 1884 S.p.A. ammontano ad un valore lordo pari ad Euro 2.908,1 milioni, a cui sono associate rettifiche di portafoglio pari ad Euro 16,4 milioni, e ad un conseguente valore netto pari ad Euro 2.891,7 milioni, evidenziando un grado di copertura pari allo 0,56%. Tra essi, i crediti verso la clientela per finanziamenti non deteriorati a maggiore rischio sono essenzialmente classificati nel c.d. "secondo stadio" pari a Euro 303 milioni lordi con un grado di copertura del 2,84%. Nell'ambito delle proprie politiche di gestione dei crediti verso la clientela per finanziamenti, la Banca ha adottato processi e modalità di monitoraggio dell'andamento dei rapporti secondo quanto previsto dalla normativa di settore e dalle disposizioni interne che disciplinano le regole di classificazione e trasferimento nelle diverse categorie di rischio. Nel processo di classificazione, anche ai fini della conseguente valutazione, dei crediti non deteriorati, la Banca ha tenuto in considerazione il particolare contesto di incertezza macroeconomica derivante dall'instabilità generata dal conflitto Russia-Ucraina e dalle pressioni inflazionistiche. Nella relazione sulla gestione e nella nota integrativa Parte A – Politiche contabili, Parte B – Informazioni sullo stato patrimoniale, Sezione 4 dell'attivo, Parte C – Informazioni sul conto economico, Sezione 8, Parte E – Informazioni sui rischi e sulle relative politiche di copertura è riportata l'informativa sugli aspetti sopra descritti. In considerazione della significatività dell'ammontare e della complessità del processo di classificazione adottato dalla Banca, tenuto anche conto delle circostanze connesse alle incertezze legate all'attuale contesto macroeconomico, abbiamo ritenuto che la classificazione dei crediti verso la clientela per finanziamenti non deteriorati a maggiore rischio, valutati al costo ammortizzato, rappresenti un aspetto chiave della revisione del bilancio d'esercizio della Banca Cambiano 1884 S.p.A. al 31 dicembre 2023.

Procedure di revisione svolte

Nell'ambito delle attività di revisione sono state svolte, tra le altre, le seguenti principali procedure:

- comprensione della normativa interna, dei processi e dei relativi presidi organizzativi e procedurali posti in essere dalla Banca in relazione alle modalità di classificazione e di monitoraggio della qualità dei crediti verso clientela valutati al costo ammortizzato non deteriorati, eventualmente modificati per tener conto degli effetti derivanti dal contesto di incertezza macroeconomica, al fine di verificarne la conformità al quadro normativo di riferimento e ai principi contabili applicabili;

- verifica dell'implementazione e dell'efficacia operativa dei controlli chiave identificati con riferimento ai suddetti processi;

- analisi qualitativa ed andamentale dei crediti verso clientela non deteriorati al fine di identificare eventuali elementi di interesse;

- verifica, per un campione di posizioni selezionate, della classificazione dei crediti verso clientela valutati al costo ammortizzato non deteriorati a maggiore rischio sulla base del quadro normativo di riferimento e del contesto di incertezza macroeconomica;

- analisi degli eventi successivi alla data di chiusura del bilancio;

- verifica della completezza e della conformità dell'informativa fornita in bilancio rispetto a quanto previsto dal quadro normativo di riferimento e dai principi contabili applicabili.

Responsabilità degli Amministratori e del Collegio Sindacale per il bilancio d'esercizio

Gli Amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 43 del D.Lgs. n. 136/15 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Banca di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia.

Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Banca o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Banca.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- Abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno.

- Abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Banca.

- Abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa.

- Siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Banca di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio, ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Banca cessi di operare come un'entità in funzionamento.

- Abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di governance anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le azioni intraprese per eliminare i relativi rischi o le misure di salvaguardia applicate.

Tra gli aspetti comunicati ai responsabili delle attività di governance, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) 537/2014

L'assemblea degli Azionisti della Banca Cambiano 1884 S.p.A. ci ha conferito in data 4 giugno 2020 l'incarico di revisione legale del bilancio d'esercizio e consolidato per gli esercizi dal 31 dicembre 2020 al 31 dicembre 2028.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, par. 1, del Regolamento (UE) 537/2014 e che siamo rimasti indipendenti rispetto alla Banca nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio d'esercizio espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di comitato per il controllo interno e la revisione contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

RELAZIONE SU ALTRE DISPOSIZIONI DI LEGGE E REGOLAMENTARI

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10

Gli Amministratori della Banca Cambiano 1884 S.p.A. sono responsabili per la predisposizione della relazione sulla gestione della Banca Cambiano 1884 S.p.A. al 31 dicembre 2023, inclusa la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio della Banca Cambiano 1884 S.p.A. al 31 dicembre 2023 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio della Banca Cambiano 1884 S.p.A. al 31 dicembre 2023 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

DELOITTE & TOUCHE S.p.A.

Antonio Sportillo
Socio

Firenze, 5 aprile 2024

Warning: unofficial translation. Refer to the text in Italian.

REPORT OF THE INDEPENDENT AUDITOR IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE N. 39 OF 27.1.2010 AND ARTICLE 10 OF (EU) REGULATION N. 537/2014.

To the Shareholders of
Banca Cambiano 1884 S.p.A.

REPORT ON THE ACCOUNTING AUDIT OF THE COMPANY FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Banca Cambiano 1884 S.p.A. (the "Bank"), consisting of the balance sheet as at 31 December 2023, the income statement, the schedule of overall profitability, the schedule of variations to shareholders' equity, statement of cash flows for the fiscal year ending on the aforementioned date, and by the explanatory notes thereto.

In our opinion, the company financial statements represent in a truthful and accurate manner the shareholders' equity and the financial situation of the Bank as at 31 December 2023, as well as of the economic result and cash flows for the fiscal year closed on the same date, in conformity with the International Financial Reporting Standards adopted by the European Union, as well as with the regulations implementing article 43 of Legislative Decree n. 136/2015.

Basis for the opinion

We conducted the audit in conformity with the procedures specified in the auditing standards (ISA Italy). Our responsibilities pursuant to the aforementioned standards are further described in the section *Responsibility of the Independent Auditors for the audit of company financial statements for the fiscal year* in this report. We are independent with respect to the Bank, in compliance with regulations and standards regarding ethical principles and independence applicable in Italian Law to audits of financial statements. It is our belief that we have acquired sufficient and adequate evidence on which to base our opinion.

Key aspects of the audit of accounts

The key aspects of the audit of accounts are those aspects that, in our professional opinion, are of greatest significance within the scope of the audit of accounts for the financial statements in review. These aspects were dealt with within the scope of the audit of accounts and in forming our opinion as to the financial statements as a whole; therefore, we will not express a separate opinion of such aspects.

Classification and measurement of impaired receivables from customers classified as non-performing and probable defaults	
Description of the key aspect of the audit	As written in the section "The quality of credit" of the report on management and in the quantitative information in "Section 1 – Credit Risk" of Part E – Information on risks and relative hedging policies, of the explanatory notes at 31 December 2023, Banca Cambiano 1884 S.p.A. impaired receivables from customers measured at amortised cost amount to a gross value of 236.7 million euro, to which specific value

adjustments in the amount of 92.8 million euro are associated, with a resulting net value of 143.9 million euro.

The report on management also notes that the so-called “coverage ratio” of impaired receivables from customers measured at amortised cost at 31 December 2023 is equal to 39.21%. In particular, the aforementioned impaired receivables, classified in accordance with the IFRS 9 “Financial Instruments” international accounting standard in so-called “third stage”, include non-performing loans for a net value equal to 47.8 million euro, with a 49.75% coverage ratio, and probable defaults for a net value equal to 81.8 million euro, with a 35.05% coverage ratio.

As regards the classification of credit exposures by homogenous risk classes, the Bank applies sector standards and internal policies that govern the classification of exposures and their transfer between the various risk categories.

In determining the recoverable value of impaired receivables from customers measured at amortised cost, within the scope of its valuation policies, the Bank has applied valuation procedures and methods characterised by elements of subjectivity and estimation of some variables including, mainly, forecasted cash flows, expected recovery times and the realisable value of collateral, where present, the modification of which may result in a change of the final recoverable value.

Information regarding the above aspects is provided in the Report on Management and in the Explanatory Notes Part A – Accounting Policies, Part B – Information on the Balance Sheet, Assets Section 4, Part C – Information on the Income Statement, Section 8, and Part E – Information on risks and the relative hedging policies.

Considering the significance of the amount of impaired receivables from customers measured at amortised cost entered in the balance sheet, and the complexity of the Bank’s estimation procedures, which required a detailed classification in homogenous risk categories, as well as the significance of the discretional components inherent to the estimative nature of recoverable value (such as estimations of expected cash flows, the relative recovery times, the value of collateral and the possible recovery strategies), it is our opinion that the classification of impaired receivables from customers measured at amortised cost and classified as non-performing and probable defaults, and the valuation thereof, are to be considered a key aspect of the audit of Banca Cambiano 1884 S.p.A.’s financial statements as at 31 December 2023.

Auditing procedures carried out

Within the scope of the auditing activities, the following main procedures were carried out:

- Comprehension of internal regulations, processes and relative organisational and procedural controls established by the Bank in relation to the methods for classification and determination of the recoverable value of impaired receivables from customers measured at amortised cost and classified and non-performing and probable defaults, in order to verify conformity to the regulatory framework of reference and applicable accounting standards;

- Verification of the implementation and operational efficacy of specific key controls with reference to the aforementioned processes;

- Qualitative and trend analysis of impaired receivables from customers measured at amortised cost and classified as non-performing and probable defaults, through the calculation of appropriate qualitative and quantitative indicators in order to identify possible elements of interest;

- Verification, for a sample of selected positions, of the classification and evaluation of the recoverable value of impaired receivables from customers measured at amortised cost and classified as non-performing and probable defaults, based on the regulatory framework of reference, and the applicable accounting standards;

- Analysis of the events subsequent to the date of closing of the company financial statements;

- Verification of the completeness and conformity of the information in the company financial statements, with respect to the requirements of the regulatory provisions of reference and applicable accounting standards.

Classification of higher risk in bonis receivables from customers measured at amortised cost

Description of the key aspect of the audit	As written in the section “The quality of credit” of the report on management and in the quantitative information regarding credit risk, in Part E – Information on risks and relative hedging policies, of the explanatory notes at 31 December 20223, Banca Cambiano 1884 S.p.A. in bonis receivables from customers, measured at amortised cost, amount to a gross value of 2,908.1 million euro, with portfolio adjustments equal to 16.4 million euro, for a resulting total net value of 2,891.7 million euro, showing a 0.56% coverage ratio. Of these, receivables from customers for in bonis loans at higher risk are essentially classified in the so-called “second stage”, for 303 million euro, with a 2.84% coverage ratio. Within the scope of its policies regarding the management of receivables from customers for loans, the Bank has adopted processes and trend monitoring methods, as provided for by sector regulations and internal policies that govern risk classification and transfer between risk categories. In the classification process for in bonis receivables, also for the purpose of the relative measurement, the Bank has taken into consideration the unique context of macro-economic instability generated by the conflict between Russia and the Ukraine, and the pressure exerted by inflation. Information regarding the above aspects is provided in the report on management and in the Explanatory Notes - Part A – Accounting policies, Part B – Information on the balance sheet, Section 4 Assets, Part C – Information on the income statement, Section 8, Part E – Information on risks and relative hedging policies. Considering the significance of the amount and the complexity of the classification process used by the Bank, and also considering the circumstances connected to the current macro-economic context, it is our opinion that the classification of higher risk, in bonis receivables from customers measured at amortised cost is to be considered a key aspect of the audit of Bank Cambiano 1884 S.p.A’s company financial statements as at 31 December 2023.

Auditing procedures carried out	Within the scope of the auditing activities, the following main procedures were carried out: • Comprehension of internal regulations, processes and relative organisational and procedural controls established by the Bank in relation to the methods for classification and monitoring of the quality of in bonis receivables from customers measured at amortised cost, albeit modified to take into account the effects deriving from the uncertain macro-economic context, in order to verify conformity to the regulatory framework of reference and applicable accounting standards; • Verification of the implementation and operational efficacy of specific key controls with reference to the aforementioned processes; • Qualitative and trend analysis of in bonis receivables from customers in order to identify possible elements of interest; • Verification, for a sample of selected positions, of the classification of higher risk in bonis receivables from customers measured at amortised cost, based on the regulatory framework of reference and the uncertain macro-economic context; • Analysis of the events subsequent to the date of closing of the financial statements; • Verification of the completeness and conformity of the information provided in the financial statements, with respect to the requirements of regulatory framework of reference and applicable accounting standards.

Responsibility of the Directors and of the Board of Statutory Auditors for the company financial statements

Directors are responsible for preparing the company financial statements so that they provide a true and correct representation, in conformity with the International Financial Reporting Standards adopted by the European Union and with the provisions issued to implement Article 43 of Legislative Decree n. 136/2015 and, to the extent required by law, for those internal controls deemed necessary by the Directors to allow preparing financial statements that do not contain significant errors due to fraud or unintentional conduct or events.

Directors are responsible for assessing the capacity of the Bank to continue operating as a business entity and, in preparing the company financial results, for the appropriate use of the assumption of going concern, as well as for adequate information on this matter.

Directors prepare the company financial statements based on the assumption of going concern, unless they have assessed the existence of conditions that require liquidation of the Bank, or for interruption of business activities, or that there are no realistic alternatives thereto.

The Board of Statutory Auditors is responsible for vigilance, within the terms provided for by law, over the preparation process of the Bank's financial information.

Responsibility of the Independent Auditors for the accounting audit of the company financial statements

Our objectives are to acquire reasonable certainty that the financial statements contain no significant errors due to fraud or to intentional conduct or to events, and to issue an audit report that includes our opinion. Reasonable certainty means a high level of certainty that, nonetheless, is not a guaranty that an accounting audit conducted according to international auditing principles (ISA Italy) will always identify a significant error, should one exist. Errors may derive from fraud or from unintentional conduct, and are considered significant if it may be reasonably expected that such errors, singly or as a whole, may influence user economic decisions made based on the company financial statements for the year.

Within the scope of the accounting audit conducted in compliance with the international auditing principle (IAS Italy), we have exercised our professional expertise and have maintained professional scepticism for the entire duration of the accounting audit. Moreover:

- We have identified and assessed the risk of significant errors in the company financial statements, resulting from fraud or unintentional conduct or events; we have defined and carried out auditing procedures in response to said risks; we have acquired sufficient and appropriate evidence on which to base our opinion. The risk of not identifying a significant error resulting from fraud is higher than the risk of not identifying a significant error resulting from unintentional conduct or events, as fraud may implicate the existence of collusion, falsifications, intentional omissions, misleading representations or forced internal control results;

- We have acquired a sufficient understanding of the internal controls for the purpose of the accounting audit, in order to define accounting procedures that are appropriate to the circumstances, and not for the purpose of expressing an opinion as regards the efficacy of the Bank's internal controls;

- We have assessed the appropriateness of the accounting principles applied, as well as the reasonableness of the accounting estimations made by company directors, including the respective information documents;

- We have come to a conclusion regarding the appropriate use of the assumption of going concern on the part of the directors and, based on the evidence acquired, as to the possible existence of significant uncertainty as regards events or circumstances that may give rise to significant doubts regarding the Bank's capacity to continue to operate as a going concern. Where faced with a significant uncertainty, we are bound to call attention to the information provided, in the auditing report or, if the information provided is insufficient, to take into account such inadequacy in the formulation of our opinion. Our conclusions are based on the documentation acquired as at the date of this report. However, subsequent events or circumstances may result in the Bank ceasing to operate as a going concern;

- We have assessed the presentation, structure and contents of the company financial statements as a whole, including the information documents, and whether or not the company financial statements faithfully represent the underlying transactions and events;

We have informed the persons in charge of governance activities, identified at an appropriate level, as required by ISA Italia principles, among other aspects, of the scope and timing planned for the accounting review and of the significant findings thereof, including any significant deficiencies in internal controls observed during the accounting audit.

We have provided persons in charge of governance activities with a declaration attesting that all regulations and principles regarding ethical conduct and independence were observed, as applicable by Italian law, and have informed them of any situation that may reasonably affect our independence and, where applicable, the respective safeguarding measures.

Among aspects of which governance was informed, we identified those that were most relevant within the scope of the accounting audit of the financial statements for the fiscal year in review, which therefore constituted the key aspects of the audit. These aspects are described in the audit report.

Other information communicated pursuant to article 10 of EU Regulations 537/2014

On 4 June 2020, the Shareholders' Meeting of Banca Cambiano 1884 S.p.A. appointed our firm statutory auditor of the financial statements for the fiscal years from 31 December 2020 through to 31 December 2028.

We hereby declare that no services forbidden by article 5, section 1 of EU Regulations 537/2014 were rendered other than the accounting audit and that we remained independent with respect to the Bank in the performance of the statutory audit.

We confirm that the opinion regarding the company financial statement, expressed in this report, is in line with the contents of the additional report sent to the Board of Statutory Auditors in its role as committee for internal control and legal review, pursuant to article 11 of the aforementioned Regulations.

REPORT ON OTHER LAW AND REGULATORY PROVISIONS

Opinion pursuant to article 14, sub-section 2, letter e) of Italian Legislative Decree 39/10

The Directors of Banca Cambiano 1884 S.p.A. are responsible for preparing the report on management for Banca Cambiano 1884 S.p.A. at 31 December 2023, including its consistency with the respective company financial statements for the fiscal year and its conformity to provisions of law, as well as for issuing a declaration regarding any significant errors.

We conducted the procedures specified in the audit standards (SA Italia) n. 720B for the purpose of expressing an opinion as regards the consistency of the report on management with the financial statements of Banca Cambiano 1884 S.p.A. as at 31 December 2023, and on compliance with provisions of law, and to issue a declaration regarding any significant errors.

In our opinion, the report on management is consistent with the company financial statements of Banca Cambiano 1884 S.p.A. as at 31 December 2023, and has been prepared in compliance with all provisions of law.

With reference to the declaration required by article 14, sub-section 2, letter e) of Italian Legislative Decree 39/10, issued based on knowledge and comprehension of the business and of the relative context acquired during auditing activities, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

[*autograph signature*]
Antonio Sportillo
Partner

Florence, 5 April 2024

REPORT OF THE BOARD OF STATUTORY AUDITORS

To the Shareholders,

This report acknowledges the results of the activity performed by the Board of Statutory Auditors during the fiscal year ended on 31 December 2023, also with reference to the functions attributed to it by Article 19 of Italian Legislative Decree n. 39/2010.

During the fiscal year in review, the Board of Statutory Auditors performed its supervisory activity as required by the Italian Civil Code, Legislative Decrees n. 385/1993 (consolidated law on banking - “TUB”), n. 58/1998 (unified financial services act - “TUF”) and n. 39/2010 (consolidated act on statutory auditing), in statutory regulations, as well as special laws on the subject and pursuant to the provisions set forth by public Authorities in charge of vigilance and control (specifically, Bank of Italy and CONSOB), as well as considering the rules of conduct for the Board of Statutory Auditors recommended by the National Council of Accountants and Tax Advisors.

The financial statements were audited by the company Deloitte & Touche S.p.A. in accordance with articles 2112 and 2558 of the Italian Civil Code and Consob Circular n. 10121 dated 30/06/1988. As regards the statutory audit, pursuant to article 14 of Legislative Decree n. 39 of 27 January 2010, please refer to their report.

As the Board of Statutory Auditors is not tasked with the legal auditing of the accounts, it carried out the supervisory activities required by Regulation 3.8. of the “Regulations for conduct of the Board of Statutory Auditors of non-listed companies”, which consist in an overall inspection aimed at verifying that the financial statements have been prepared correctly. The verification of the correspondence of the accounting data is the responsibility of the statutory auditing company.

*****

In accordance with article 2429, sub-section 2 of the Italian Civil Code, specific reference is made to the following aspects.

1. Supervisory activity performed in compliance with obligations

During the 2023 fiscal year, the Board of Statutory Auditors supervised compliance with law and the Articles of Association, as well as compliance with principles of proper administration and sound and prudent management, and also in consideration of the principle for conduct recommended by the National Council of Accountants and Tax Advisors.

The Board, also acting as the “Internal control and auditing committee” in accordance with Article 19 of Legislative Decree no. 39 of 27/01/2010, controlled the adequacy of the financial information process, finding it to be adequate to the business activity and regulatory requirements.

As will be set forth in detail below, we also supervised the effectiveness of the internal control system and internal audit system, capable of addressing the risks that arise in the Bank’s activity.

The supervisory and control activity was performed in the different areas noted above, as follows:

- Participation at meetings of the Board of Directors (n. 28), of the Executive Committee (n. 20), of the Risk Committee (n. 11), and of the Ordinary Shareholders’’ Meeting (n. 1);
- meetings with the company entrusted with the statutory audit;
- controls with the managers of the various corporate departments, in particular with Internal Audit, Risk Management, Compliance, and Anti-money laundering;
- exchange of information with the Supervisory Authority, in accordance with Italian Legislative Decree 231/2001.

By participating at the meetings of the Board of Directors and the Executive Committee, the necessary information was acquired, both to evaluate the Bank’s trend with regard to its overall capital and economic development, as well as to evaluate its most significant operations. The Board of Statutory Auditors can confirm that, to the extent it is aware, management operations were performed in conformity with law and the Articles of Association, were in the Bank’s interests, and did not appear to be manifestly imprudent, irrational or reckless in such a way that would compromise the integrity of the Bank’s capital, create a conflict of interest, or conflict with the resolutions approved by the Shareholders’ Meeting.

With reference to the information provided in the Report on Management regarding significant events that occurred during the fiscal year, we consider it important to reiterate:

- On 20 March 2023, the outcomes of the Bank of Italy inspection assessment, carried out within the scope of ordinary vigilance activities from 18 May to 23 November 2022, were delivered. The assessment had a partially unfavourable outcomes, without, however, the application of any administrative measures. The need for capital strengthening measures was noted, to support the development of the Bank's core business, and also to meet increasingly substantial regulatory capital buffer requirements required of the banking system,
- On 15 June 2023, the Supervisory Authority transmitted the Measures containing the "new" decision regarding capital, in effect as of the Vigilance Report referring to 30 June 2023.

  The new consolidating binding requirements outlined by Bank of Italy are:
  - CET 1 ratio: OCR CET1 ratio equal to 8.00%;
  - Tier 1 ratio: OCR T1 ratio equal to 9.90%;
  - Total Capital ratio: composed of an OCR TC ratio equal to 12.30%;
- On 29 May 2023, the Board of Directors, exercising the mandate issued by the Shareholders' in the meeting held on 16 June 2020, resolved a capital increase by payment for a total of € 20 million, without share premium, through the issue of a maximum of n. 21,739,130 shares with no par value, at a price of 0.92 euro, reserved for subscription by the company Edelweiss Srl. On 26 June 2023, the company Edelweiss Srl subscribed n. 21,739,130 new shares, at a price of € 0.92, for an overall countervalue of € 19,999,999.60. The share capital thus deliberated, subscribed and paid-in, is therefore € 252,799,999.60, for 254,539,130 shares;
- In May 2023, the "WEB branch", dedicated to the management of customers acquired through the digital banking channel, was rendered operational;
- Within the scope of the Funding Plan:
  - On 28 June 2023, the transaction for the transfer of n. 288 in bonis receivables with a residual value of approximately 45.3 million euro was perfected,
  - In September, a securitisation transaction called "Pontormo SME 2023" was perfected, for approximately 131 million euro of unsecured loans;
- In September 2023 the placement of the first "Green Bond" for 25 million euro was concluded;
- On 5 June 2023, the acquisition of the branch of business called BCC For Web from Banca di Pisa e Fornacette was finalised, through which transaction over 17 thousand customer positions were acquired, generating an inflow of liquidity equal to approximately 174 million euro, in addition to indirect deposits for approximately 110 million euro;
- The Bank adhered to the operation to save the Eurovita insurance company, by means of the newco Cronos Vita, as outlined in detail in the Report on Management;
- 06 December 2023 marked the conclusion of the transaction for the subscription of shares in the alternative investment fund ("FIA") called "Fondo Persefone", established by P&G SGR S.p.A, for a countervalue of € 10.01 million total, via contribution in kind of the right to receive the purchase price of € 10.01 million from the assignment of a portfolio of receivables classified as "probable defaults" to the vehicle company Caleen SPV for a countervalue of € 15.30 million and depreciation for € 3.88 million;
- On 22/12/2023, the transaction for the assignment of receivables classified as impaired with a gross exposure of € 21.75 million, was completed.

Participation at the meetings of the Board of Directors also allowed us to verify that delegated individuals reported on the operations they performed in accordance with the powers attributed to them, the general management trend, and its foreseeable development. The directors also reported any cases of conflict of interest, in accordance with outstanding provisions of the Italian Civil Code in order to allow proper decision-making procedures to be implemented pursuant to Article 136 of the Consolidated Law on Banking, article 2391 of the Italian Civil Code "Interests of the administrators" and the Regulations for Operations with Related parties, adopted to implement the provisions of supervisory regulations.

It is noted that the auditors of the Independent Auditor company, with whom the Board of Statutory Auditors exchanged information related to audits of the financial statements and other controls that they performed, did not advise of any circumstances, irregularities or censurable facts that had to be reported to the Supervisory Authority or to the same Board of Statutory Auditors.

Audits of the overall structure of controls by the Board has taken into account the activities carried out by the Internal Audit function, as the recipient of the audit reports containing the results of the controls that this service carried out during the year, as mentioned, in co-sourcing with the company META Srl located in Empoli.

With respect to second level controls, interactions, which have always been productive, regarded:

- the Risk Management Department, that supplied adequate information regarding risks, the object of periodic reports concerning the controls carried out directly, as well as the effectiveness of the departments entrusted with examining and measuring the different types of risks, and the co-ordination of such departments aimed at an overall vision of risks;
- Compliance (compliance to regulations), for the review and assessment of issues regarding the legal framework with which the Bank must comply and for reports regarding the state of company compliance with respect to areas of the Department's competence;
- Anti-Money Laundering, for reports regarding this delicate sector, documents whose level of clarification fully represent, among other things, organisation and electronic controls in terms of an adequate control of customers and the supply of information to the Centralised Computer Database;
- The Budget, Planning and Management Control Office and the Credit Control Office whose reports, shared with Risk Management, provide this Board with adequate information regarding monitored risks pertaining to the specific competence of this function.

On the basis of the above premises, we consider the internal control system – in its entirety - suitable for guaranteeing the control of risks and compliance with applicable regulations and procedures.

In performing its controls, the Board of Statutory Auditors maintained a continuous dialogue with all Control Functions.

The Board paid particular attention of the organisational set-up of the control functions, aimed at monitoring risks, that centralises the 2nd and 3rd level control functions within the Parent Company.

During the fiscal year in review, still as regards internal audits, the Board of Statutory Auditors was also able to evaluate the compliance to the provisions of Bank of Italy Circular n. 285 dated 17 December 2013 "Vigilance provisions for Banks" and the continuing conformity of internal regulations.

The Board of Statutory Auditors also assessed and supervised the adequacy of the administrative and accounting system, as well as the latter's reliability in accurately representing management activity, by means of numerous meetings with the Budget, Planning and Management Control Office, the review of company documents and, primarily, the ongoing analysis of the results of the work carried out by the Independent Auditor, which was entrusted, as noted, with the specific task of the statutory audit of the accounts.

During the course of the audits and controls conducted, considering the information acquired, including by means of ad hoc reports prepared by the offices entrusted with control functions, no evidence came to light of any irregularities in corporate management that would indicate any particular organisational deficiencies.

In conclusion, in consideration of the information obtained during the course of the supervisory activity performed, the Board of Statutory Auditors can confirm that the organisational structure, internal control system and accounting-administrative structure are consistent with the Bank's size, are adequate for its operating needs and have been timely adjusted/refined based on the evolution of such needs and, specifically, the laws and regulations that regulate the Bank's activity.

During the fiscal year, based on the information obtained by the Board of Statutory Auditors, no atypical and/or unusual operations were performed.

By resolution on 8 August 2023, the Board of Directors introduced an updated version of the document entitled "Policy for the management of transactions with related parties" to manage transactions with related parties of the Gruppo Bancario Cambiano, and updated the regulations entitled "Resolution procedures for transactions with related parties".

Relations with related parties took place on the basis of the Regulations in force and in compliance with the requirements of the Bank of Italy document entitled «Risks and conflict of interest with respect to related parties». The Board of Statutory Auditors, in its supervisory function, has always found compliance with the regulations on this matter. Transactions were always in line with market conditions or, where appropriate reference parameters were missing, according to cost and, in any event, on the basis of evaluations of objective reciprocal convenience and correctness. No large transactions were carried out with related parties, pursuant to the regulatory provisions of reference and criteria adopted within the scope of corporate policies, regarding which the Independent Directors, and/or the undersigned members of the Board of Statutory Auditors expressed a negative opinion or formulated reports.

The document «Remuneration policies for directors, employees and collaborators who are independent contractors» was found to be adequate, consistent with supervisory regulations and in conformity with what was indicated by the Internal Audit office, and the Board found that it was properly applied during the course of the fiscal year. In addition to the financial statements, the Shareholders' Meeting is being provided with the information, duly formulated and required, regarding the effective manner in which remuneration policies are applied.

With respect to the activity performed, the Board of Statutory Auditors wishes to specifically note the following business and corporate circumstances:

- The Board of Statutory Auditors met 24 times during the course of the fiscal year, of which one meeting was held jointly with the other Boards of the Group;
- No significant facts emerged from the inspection and control activities, requiring notification to the Bank of Italy;
- The Board of Statutory Auditors issued its opinion regarding the congruity of the issue price of shares, as per art. 2441, sub-section 6 of the Italian Civil Code, on 18 May 2023;
- The Board of Statutory Auditors approved the resolution regarding the co-optation of director Francesca Vignolini, on 29 May 2023;
- during the course of the fiscal year, the Board carried out the activity of Supervisory Body in accordance with Legislative Decree 231/2001. This activity consisted in examining the organisational and management model and the training program for personnel, as well as advising the Bank's managers of the need for ongoing collaboration, useful for allowing full and effective activity to prevent the crimes provided for by the above law;
- The Board of Statutory Auditors has fully endorsed the objectives and risk profiles contained in the "RAF Regulations" document approved by the Board of Directors, which provides the framework to calculate the Bank's Risk Appetite Framework (RAF), adopted in compliance with Supervisory regulations;
- Within the scope of its own annual planning, the Board of Statutory Auditors verified the Anti-Money Laundering process, and no significant critical profiles emerged, thus confirming that the controls adopted are substantially adequate to the task;
- The Board of Statutory Auditors monitored that the procedure for the autonomous assessment of capital adequacy (ICAAP) and of the liquidity risk governance and management system (ILAAP), was in line with the requirements of applicable regulations;
- the Board of Statutory Auditors constantly monitored the Capital Management Plan and the measures for capital strengthening defined by the Bank;
- Laws regarding the transparency of banking and financial services and transactions were applied;
- The Board of Statutory Auditors has ascertained that during 2023 the Bank continued compliance interventions provided for by the ICT security and anti-fraud systems enhancement plan;
- As regards usury issues, the Bank's operations were conducted in compliance with Law n. 108/1996 and the Implementing Provisions of Bank of Italy;
- as required by article 136 of the Consolidated Law on Banking, the Board unanimously confirmed the transactions conducted, directly or indirectly, the by the Bank's representatives, all approved in accordance with law, including article 2391 of the Italian Civil Code;
- With reference to the 52 complaints received by the Bank in 2023, as compared to the 56 received in 2022, the enquiry procedure and management of such cases was found to be proper; further, it was determined that the parties involved were given a timely and reasoned response and that such complaints were properly represented to the Bank's bodies according to regulatory requirements; furthermore, due response was given to n. 5 requests for information from Bank of Italy for reports lodged by customers with the Supervisory Authority, as well as to n. 4 claims submitted by customers to the A.B.F and n. 5 claims submitted by customers to the A.C.F.
- Training was conducted, with the due participation of personnel as required, on issues regarding anti-money laundering, financial consulting, the placement of insurance and financial products, occupational safety, banking transparency, and privacy.

The Board of Statutory Auditors has assessed the independence of the auditing company Deloitte & Touche S.p.A. and on this matter, lists the services, other than the audit, performed in favour of the Group, provided for by regulations as the responsibility of the subject performing the legal audit of accounts, that the Board of Statutory Auditor has acknowledged for the 2023 fiscal year:

- report required by art. 23, comma 7, of the implementation regulation of articles 4-undecies and 6, comma 1, letter b) and c-bis) Lgs. Decree 58/98 pertaining to the illustration of organisational and procedural solutions and of the relative controls implemented by the Bank relative to the deposit and sub-deposit of customer assets;
- certification of conformity regarding the financial statements of Banca Cambiano 1884 S.p.A. and Ente Cambiano S.c.p.A;
- inspections relating to procedures and management systems for bank loans used to secure Eurosystem funding transactions required by Bank of Italy with letter protocolled at n.0974278/23 dated 01/06/2023.

Regarding events that occurred after the close of the fiscal year, as mentioned in the management report, it is noted that:

- On 18 March 2024, the Bank received the Vigilance note containing the outcome of the assessment, conducted at five Bank branches between 23 October and 20 December 2023, regarding “transparency”, focused on the correct application of national regulations transposing the “PAD” Directive (2014/92/EU);
- On 28 February 2024, the Board of Directors approved the “Funding Plan for 2024-2026” and the Contingency Funding Plan;
- On 28 February 2024, the Board of Directors approved: (i) modification of the business purpose and Articles of Incorporation of the subsidiary Immobiliare 1884 Srl, (ii) modification of the composition of the Corporate Bodies of the subsidiary, and (iii) restructuring of the loans portfolio, so as to better identify operations on single investments.
- As regards TLTRO refinancing operations, the advance redemption, in March, of the June tranche (€ 100 million) and of a part of the September tranche (€ 100 million of € 320 million overall) was hypothesised, while for the remaining part of the September tranche (€ 220 million) and for the December tranche (€ 115 million) redemption at maturity was hypothesised, using the maturity schedules for government bonds in the Treasury portfolio.

2. Fiscal year results

The Board of Statutory Auditors has examined the draft financial statements for the fiscal year closed on 31/12/2023 and the management reports, submitted to the same Board by the Board of Directors, within the term required by law.

As the Board of Statutory Auditors is not required to perform the statutory audit of the Financial Statements, the Board has verified the overall layout of the statements, its composition, its structure, the evaluation made of company assets and the management report, in conformity with current laws, provisions of the Supervisory authority and the International IAS/IFRS accounting standards.

The draft financial statements were submitted to review by the company Deloitte & Touche S.p.A., tasked with statutory audit of accounts, on 05 April 2024in accordance with articles 14 and 16 of Legislative Decree n. 39/2010, the audit company has issued its professional opinion as to the reliability of the financial statements in question, without notes or objections.

The Explanatory Notes contain further information either deemed useful or required by law for a more exhaustive representation of corporate events and a better comprehension of balance sheet data.

The Board of Statutory Auditors also met with the company in charge of the statutory audit of the accounts, thus taking note of the work carried out by the latter and exchanging reciprocal information, as per article 2409-septies of the Italian Civil Code. As regards the items in the draft financial statements submitted to the Shareholders’ assembly, the Board of Statutory Auditors has carried out the controls required to be able to provide the following comments.

3. Comments to the financial statements

It is noted as follows:

- The draft financial statements were prepared, in implementation of Legislative Decree n. 38/2005, from a substantive standpoint, in accordance with the Supervisory Regulations contained in Circular n. 262 of 22 December 2005 of the Bank of Italy and in application of the IAS/IFRS international accounting standards issued by the International Accounting Standards Board (IASB), approved by the European Union, and in effect as of the date the financial statements were closed, as well as the related interpretations (SIC/IFRIC). Such accounting standards are reported analytically in part A.1, section 2 of the Explanatory Notes. The above documentation duly considers what is provided in the Joint Document of the Bank of Italy, Consob and Isvap n. 4 of 3 March 2010, on the information to be provided in financial reports on controls of the reduction of value of assets (impairment test), on the contractual clauses of financial liabilities, on debt restructuring and on the "hierarchy of fair value;

- the draft financial statements, as prepared, correspond to the facts and information the Administrative Body was aware of as of the date of their approval;
- The Report on Operations contains the information required by outstanding law and completes, in a clear manner, the content of the fiscal year financial statements; specifically, in the Report on Operations and in the Explanatory Notes, the directors have provided the information required by Document no. 2 of Consob, the Bank of Italy and Isvap of 6 February 2009 on "business continuity" (going concern), and they prepared the financial statements based on an expectation of business continuity. The Board agrees with the judgment expressed and confirms the reasonable expectation that the company will continue operating in the foreseeable future.

As noted, with respect to the supervisory activity regarding the financial statements for which it is responsible, in addition to the provisions of the Italian Civil Code and provisions of the Supervisory Authority, the Board of Statutory Auditors complied with the rules of conduct established by the National Council of Accountants and Tax Advisors.

In conclusion, the Board of Statutory Auditors approves the 2023 fiscal year financial statements, which were duly made available within the prescribed term.

Moreover, during the course of the 2023 fiscal year, the Board of Statutory Auditors met with the auditing company Deloitte & Touche S.p.A. and exchanged information, as provided for by Italian Legislative Decree n. 39 of 27 January 2010, implementing European Community directives regarding statutory auditing of accounts. In accordance with article 11 of (EU) Regulation 537/2014, the aforementioned auditing company also provided the required supplementary report for the internal audit committee and for the purpose of the accounting audit, in which the company confirmed finding no significant deficiencies in the internal control system with respect to the financial information process, the accounting system and the statement, in accordance with article 6, sub-section 2, letter a) of (EU) Regulation n. 537/2014, and that no situations were found that might have compromised independence, as per articles 10 and 17 of Italian Legislative Decree n. 39/2010 and articles 4 and 5 of (EU) Regulation 537/2014.

As regards the consolidated financial statements, we have observed the correct preparation of the same, as regards the applicable accounting standards, the definition of the area of consolidation, and compliance with the regulations of reference. In so doing, we were also able to appreciate the efficiency of the underlying data supply and operational control systems.

To the best of our knowledge, in preparing the financial statements, management has not strayed from provisions of law as per art. 2423, comma 5 of the Italian Civil Code and have provided all the indications required by art. 10 of Law n. 72 or 19 March 1983 in a specific annex to the financial statements.

4. Proposals regarding the financial statements and the approval thereof

On conclusion of the specific controls carried out, and for all the above, having viewed the audit report of the auditing company Deloitte & Touche S.p.A., which did not find any irregularities, nor did it make any requests for additional information, the Board certifies that the financial statements for the fiscal year and the consolidated accounts of Gruppo Bancario Cambiano at 31/12/2023 are prepared in compliance with pertinent regulations and criteria and are a precise and truthful representation of the income, asset and financial situation of the Company and of the Group. The Board considers the report on operations as consistent with the Bank's financial statements as at 31 December 2023 and indicates business performance, its current trend and outlook, illustrating the current and future evolution. This is true with reference to both so-called financial information, as an analysis of the income, asset and financial situation and indicators of capital adequacy, as well as with respect to other information, such as risks and uncertainties concerning the Bank's activity, its management, human resources, security, and evolution of management. The significance of credit risk, liquidity risk and market risk was adequately indicated, also in consideration of the strong market tensions. The Explanatory Notes indicate the measurement criteria used and provide all of the information required by laws currently in force, including information on credit risk, market risk, liquidity risk and operational risks.

In conclusion of our report, in repeating that on the basis of the supervisory activity carried out no critical events appeared and no omissions or irregularities were found, the Board of Statutory Auditors expresses its favourable opinion, to the extent of its responsibility, for the approval of the financial statements for the 2023 fiscal year, and the related proposal for the allocation of the fiscal year net profit, which it certifies conforms to law and the Articles of Association and is suitable in view of the Bank's economic and financial situation.

*****

The Board sincerely thanks all the Bank's departments for the collaboration provided to the control body during the course of the fiscal year, while carrying out its institutional functions.

Florence, 5 April 2024

The BOARD OF STATUTORY AUDITORS

Dr. Gaetano De Gregorio	CHAIRMAN
Prof. Riccardo Passeri	ACTING MEMBER
Dr. Manuela Sodini	ACTING MEMBER

ANNEXES

Reconciliation between the reclassified Financial Statements and Income Statement schedules and the balance sheet schedules

Below are the schedules used to prepare the financial and income statements in the reclassified format.

Balance sheet

	Asset line items	31/12/2023	31/12/2022
Cash		**15,516**	**12,825**
10.	Cash and cash equivalents	341,067	49,761
	less: Demand receivables from banks	-325,551	-36,936
Financial assets		**994,574**	**1,132,289**
	a) financial assets held for trading	103,754	87,874
20. a)	Financial assets measured at fair value with impact on income statement a) financial assets held for trading	84,560	67,555
	plus: Other assets (tax credits) held for trading reclassified from Other assets - Line item 120	19,194	20,319
20. b)	***b) financial assets measured at fair value***	0	0
	c) other financial assets obligatorily measured at fair value	29,372	71,475
20. c)	Financial assets measured at fair value with impact on income statement c) other financial assets obligatorily measured at fair value	97,585	140,973
	less: Loans obligatorily measured at fair value	-68,212	-69,498
	d) Financial assets measured at fair value with impact on total profits	474,949	612,350
30.	Financial assets measured at fair value with impact on total profits	474,949	612,350
	e) Financial assets measured at amortised cost	386,499	360,590
	- Banks	3,683	6,720
	plus: Debt securities reclassified from Receivables from banks - line item 40 a	3,683	6,720
	- Customers	382,816	353,870
	plus: Debt securities reclassified Receivables from customers - line item 40 b	382,816	353,870
Loans		**3,587,680**	**3,530,756**
	a) receivables from banks	405,145	171,276
40 a)	Financial assets measured at amortised cost a) receivables from banks	83,277	141,061
	less: Debt securities	-3,683	-6,720
	plus: Loans to banks reclassified from Cash and cash equivalents - Line item 10	325,551	36,936
	b) receivables from customers	3,035,687	3,251,311
40 b)	Financial assets measured at amortised cost b) receivables from customers	3,418,504	3,605,181
	less: Debt securities	-382,816	-353,870
	c) Loans obligatorily measured at fair value	68,212	69,498
	plus: Loans to customers reclassified from Other financial assets obligatorily measured at fair value - Line item 20 c)	68,212	69,498
	d) Other assets	78,636	38,670
	plus: Loans for tax credits to CA reclassified from Other assets - Line item 120	78,636	38,670
Equity investments		**48,172**	**49,716**
70.	Equity investments	48,172	49,716
Property, plants and equipment		**62,376**	**64,960**
80.	Property, plants and equipment	62,376	64,960
Intangible assets		**4,852**	**4,082**
90.	Intangible assets	4,852	4,082
Tax receivables		**19,316**	**32,876**
100.	Tax receivables	19,316	32,876
Non-current assets and groups of assets in the course of divestment		**0**	**0**
110.	Non-current assets and groups of assets in the course of divestment	0	0
Other assets		**76,849**	**44,233**
120.	Other assets	174,678	103,222
	less: Other assets (tax credits) held for trading	-19,194	-20,319
	loans: Loans tax credits to CA	-78,636	-38,670
	TOTAL ASSETS	**4,809,335**	**4,871,738**

	Liabilities and shareholders' equity line items	31/12/2023	31/12/2022
Payable to banks and institutional counterparties		**910,016**	**1,246,699**
	a) payable to banks	605,354	1,053,369
10. a)	Financial liabilities measured at amortised cost a) payable to banks	605,354	1,053,369
	b) payable to institutional counterparties	304,662	193,331
	plus: Payable to institutional counterparties from Payable to customers - Line item 10 b)	304,662	193,331
Direct deposits		**3,508,577**	**3,360,822**
	a) payable to customers	3,336,156	3,202,249
10. b)	Financial liabilities measured at amortised cost b) payable to customers	3,640,819	3,395,580
	less: Payable to institutional counterparties	-304,662	-193,331
	b) outstanding securities	172,421	158,574
10. c)	Financial liabilities measured at amortised cost c) outstanding securities	172,421	158,574
Financial liabilities from trading		**442**	**98**
20.	Financial liabilities from trading	442	98
Tax liabilities		**66**	**1,499**
60.	Tax liabilities	66	1,499
Liabilities associated to assets in the course of divestment		**0**	**0**
70.	Liabilities associated to assets in the course of divestment	0	0
Other liabilities		**110,563**	**44,035**
80.	Other liabilities	110,563	44,035
Provisions for liabilities		**10,367**	**11,390**
90.	Employee severance pay	3,026	3,183
100.	Risk and expense funds:	7,340	8,207
	TOTAL LIABILITIES	**4,540,031**	**4,664,543**
Shareholders' equity		**269,304**	**207,194**
110.	Valuation reserves	-7,783	-20,516
120.	Redeemable shares	0	0
130.	Capital instruments	40,000	30,000
140.	Reserves	-38,591	-53,655
150.	Premiums on issue of shares	803	803
160.	Share capital	252,800	232,800
170.	Treasury shares (-)	0	0
180.	Fiscal year profit or loss	22,075	17,762
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,809,335**	**4,871,738**

INCOME STATEMENT

Voci Income statement		31/12/2023	31/12/2022
10.	Earned interest and similar income	159,815	87,414
20.	Interest expenses and similar expenses	-74,791	-11,675
30.	Interest income	85,024	75,739
70.	Dividends and similar income	588	603
Financial income		85,612	76,341
40.	Commission income	36,962	37,062
50.	Commission expenses	-6,066	-4,788
	plus Recovery of commission expenses reclassified from Other income expense - Line item 200	644	581
Net commission income		31,540	32,855
	Net result from financial activities:	11,168	10,026
80.	Net trading result	10,226	15,160
90.	Net hedging result	0	-2
100. a)	Gains (losses) from disposal or repurchase of a) financial assets measured at amortised cost	-3,972	423
	less gains/losses from disposals di NPL receivables	5,514	-413
100. b)	Gains (losses) from disposal or repurchase of b) financial assets measured at fair value with impact on total profits	666	-225
100. c)	Gain (losses) from disposal or repurchase of c) financial liabilities	157	64
110. a)	a) financial assets and liabilities measured at fair value	0	0
110. b)	b) other financial assets obligatorily measured at fair value	-1,410	-5,003
	Less result of receivables obligatorily measured at fair value	-12	23
	Other net operating income/expenses	890	-551
200.	Other operating income/expenses	8,273	2,557
	less Recovery of commission expenses	-644	-581
	Less Recovery of personnel costs	-817	-108
	Less Recovery of other administrative costs	-5,971	-5,124
	Less Badwill	-1,291	0
	Less Expenses for liabilities covered using Risk and expense funds	1,340	2,705

Operating income		129,211	118,671
	a) personnel costs	-32,598	-31,561
160. a)	Administrative costs a) personnel costs	-33,415	-31,669
	- Recovery of personnel costs reclassified from Other income expenses - Line item 200	817	108
	b) other administrative costs	-32,050	-28,682
160. b)	Administrative costs b) other administrative costs	-43,971	-40,175
	- Recovery of other administrative costs reclassified from Other income expenses - Line item 200	5,971	5,124
	- Expenses related to the banking system (contributions to DGS and FITD funds) reclassified to their own line item	5,950	6,369
	Net adjustments/write-backs on property, plant and equipment and intangible assets	-7,148	-7,073
180.	Net adjustments/write-backs on property, plants and equipment	-5,251	-5,499
190.	Net adjustments/write-backs on intangible assets	-2,169	-1,574
	less amortisation of intangible assets recognised following the PPA procedure	272	0
Operating expenses		-71,796	-67,316
Net operating income		57,414	51,355
	Net adjustments to Loans to customers	-23,789	-20,192
130. a)	Net adjustments/write-backs due to impairment of a) financial assets measured at amortised cost	-18,305	-20,945
	less adjustments /write-backs due to impairment on debt securities measured at amortised cost	-118	144
	plus profits/losses from disposals di NPL receivables reclassified from line item 100 a)	-5,514	413
	plus net result of loans obligatorily measured at fair value reclassified from line item 110 b)	12	-23
140.	Profit/losses due to contract modifications without derecognition	137	219
	Net adjustments to securities and other financial assets	344	-506
130. b)	Net adjustments/write-backs due to impairment of b) financial assets measured at fair value with impact on total profits	225	-362
	plus adjustments /write-backs of value due to impairment on debt securities and Loans to banks at amortised cost	118	-144
	Net allocations to risk and expense funds: guarantees and commitments	-122	-95
170. a)	Net allocations to risk and expense funds: a) guarantees and commitments	-122	-95
Net adjustments due to impairment		-23,567	-20,792
	Net allocations to risk and expense funds: other	-163	-2,825
170. b)	Net allocations to risk and expense funds b) other net allocations	1,178	-119
	less Use of risk funds established during previous fiscal years to cover expenses for liabilities reclassified from Other income expenses - line item 200	-1,340	-2,705
	Profit (loss) from equity investments	-324	968
220.	Profit (loss) from equity investments	-324	968
	Net result of fair value measurement of property, plant and equipment and intangible assets	0	0
230.	Net result of fair value measurement of property, plant and equipment and intangible assets	0	0
	Gains (losses) from disposal of investments	89	16
250.	Gains (losses) from disposal of investments	89	16
	Expenses related to the banking system (contribution to DGS and FITD funds)	-5,950	-6,369
	plus Expenses related to the banking system (contributions to DGS and FITD funds) reclassified from Administrative costs b) other administrative costs - Line item 160 b)	-5,950	-6,369
Gross profit from current operations		27,498	22,353
	Income tax for the period on current operations	-6,374	-4,591
270.	Income tax for the period on current operations	-6,374	-4,591
Net profit from current operations		21,125	17,762
	PPA	1,291	0
	Impairment of goodwill / amortisation of intangible assets	-272	0
240.	Adjustments to value of goodwill	0	0
	less Amortisation of intangible assets measured following PPA	-272	0
	Profit (loss) from discontinued operations net of taxes	-70	0
290.	Profit (loss) from discontinued operations net of taxes	-70	0
Profit (loss) for the fiscal period		22,075	17,762

Schedules to the financial statements of subsidiaries

Cambiano Leasing S.p.A.

Balance sheet

	Asset line items	2023	2022
10.	Cash and cash equivalents	216,571	157,994
20.	Financial assets measured at fair value with impact on income statement		
	a) financial assets held for trading		
	b) financial assets measured at fair value		
	c) other financial assets obligatorily measured at fair value		
30.	Financial assets measured at fair value with impact on total profit	18,402	18,402
40.	Financial assets measured at amortised cost	313,624,151	297,022,562
	a) receivables from banks	*100,134*	*137,081*
	b) receivables from financial companies	*1,229,537*	*1,252,009*
	c) receivables from customers	*312,294,480*	*295,633,472*
50.	Hedges		
60.	Adjustment of value of generic hedges for financial assets (+/-)		
70.	Equity investments		
80.	Property, plants and equipment	3,658,145	3,756,931
90.	Intangible assets	75,000	150,000
	of which:		
	- goodwill		
100.	Tax receivables	3,267,795	3,768,918
	a) current	*3,219,056*	*3,744,441*
	b) pre-paid	*48,739*	*24,477*
110.	Non-current assets and groups of assets in the course of divestment		
120.	Other assets	1,712,289	1,254,088
	Total assets	**322,572,353**	**306,128,894**

	Liabilities and shareholders' equity line items	2023	2022
10.	Financial liabilities measured at amortised cost	289,467,668	268,641,201
	a) payables	*289,467,668*	*268,641,201*
	b) outstanding securities		
20.	Financial liabilities from trading		
30.	Financial liabilities measured at fair value		
40.	Hedges		
50.	Adjustments of value of generic hedges for financial liabilities (+/-)		
60.	Tax liabilities	1,143,524	944,601
	a) current	*780,000*	*581,077*
	b) deferred	*363,524*	*363,524*
70.	Liabilities associated to assets in the course of divestment		
80.	Other liabilities	7,940,329	14,058,145
90.	Employee severance pay	228,134	207,845
100.	Risk and expense funds	83,713	70,788
	a) commitments and issued guarantees	*4,103*	*12,978*
	b) pensions and similar obligations		
	c) other risk and expense funds	*79,610*	*57,810*
110.	Share capital	10,000,000	10,000,000
120.	Treasury shares (-)		
130.	Capital instruments		
140.	Premiums on issue of shares		
150.	Reserves	12,206,313	10,896,854
160.	Valuation reserves		
170.	Profit (loss) for the fiscal period (+/-)	1,502,672	1,309,459
	Total liabilities and shareholders' equity	**322,572,353**	**306,128,894**

INCOME STATEMENT

	Line items	2023	2022
10.	Earned interest and similar income	18,367,557	8,699,429
	of which earned interest calculated using the effective interest rate method		
20.	Interest expenses and similar expenses	-12,331,427	-3,520,835
30.	**Interest income**	**6,036,130**	**5,178,594**
40.	Commission income	89,747	98,901
50.	Commission expenses	-230,351	-245,286
60.	**Net commission income**	**-140,604**	**-146,385**
70.	Dividends and similar income	109	102
80.	Net trading result		
90.	Net hedging result		
100.	Gains/losses from the sale or repurchase of:		
	a) financial assets measured at amortised cost		
	b) financial assets measured at fair value with impact on total profits		
	c) financial liabilities		
110.	Net result of other financial assets and liabilities measured at fair value with impact on the income statement		
	a) financial assets and liabilities measured at fair value		
	b) other financial assets obligatorily measured at fair value		
120.	**Operating income**	**5,895,635**	**5,032,311**
130.	Net adjustments/write-backs due to impairment of :	-1,503,371	-1,499,858
	a) financial assets measured at amortised cost	*-1,503,371*	*-1,499,858*
	b) financial assets measured at fair value with impact on total profits		
140.	Profit/losses due to contract modifications without derecognition		
150.	**NET RESULT OF FINANCIAL OPERATIONS**	**4,392,264**	**3,532,453**
160.	Administrative costs:	-2,320,277	-1,930,166
	a) personnel costs	*-1,124,255*	*-999,576*
	b) other administrative costs	*-1,196,022*	*-930,590*
170.	Net allocations to risk and expense funds	-26,406	-43,643
	a) commitments and issued guarantees	*8,875*	*686*
	b) other net allocations	*-35,281*	*-44,329*
180.	Net adjustments/write-backs on property, plants and equipment	-61,106	-59,531
190.	Net adjustments/write-backs on intangible assets	-75,000	-75,000
200.	Other operating income and expenses	400,435	492,953
210.	**OPERATING COSTS**	**2,082,354**	**1,615,387**
220.	Profit (loss) from equity investments		
230.	Net result of fair value measurement of property, plant and equipment and intangible assets	-51,500	-14,257
240.	Adjustments to value of goodwill		
250.	Gains (losses) from disposal of investments		
260.	**Profit (loss) from current operations before tax**	**2,258,410**	**1,902,809**
270.	Income tax for the period on current operations	-755,738	-593,350
280.	**Profit (loss) from current operations after tax**	**1,502,672**	**1,309,459**
290.	Profit (loss) from discontinued operations net of taxes		
300.	**Profit (loss) for the fiscal period**	**1,502,672**	**1,309,459**

Immobiliare 1884 S.r.l.

	31/12/2023	31/12/2022
Balance sheet		
Assets		
B) Fixed assets		
I – Intangible fixed assets		
7) other	947	1,936
Total intangible fixed assets	947	1,936
II - Property, plant and equipment		
1) land and buildings	9,107,808	1,947,160
2) plants and machinery	854,249	
3) industrial and commercial equipment	130,083	2,402
4) other assets	69,264	10,939
5) fixed assets under construction and advance payments		7,527,300
Total Property, plant and equipment	10,161,404	9,487,801
III – Financial fixed assets		
2) Receivables		
d-bis) from others		
due within the next fiscal year	3,179,658	3,761,175
due after the next fiscal year	91	152
Total receivables from others	3,179,749	3,761,327
Total receivables	3,179,749	3,761,327
Total financial fixed assets	3,179,749	3,761,327
Total fixed assets (B)	**13,342,100**	**13,251,064**
C) Current assets		
I – Inventory		
4) finished products and goods	15,360,146	12,223,338
Total inventory	15,360,146	12,223,338
II – Receivables		
1) from customers		
due within the next fiscal year	15,994	15,020
Total receivables from customers	15,994	15,020
5-bis) Tax receivables		
due within the next fiscal year	1,059,804	1,196,771
Total tax receivables	1,059,804	1,196,771
5-quater) receivables from others		
due within the next fiscal year	623,286	1,037,449
Total receivables from others	623,286	1,037,449
Total receivables	1,699,084	2,249,240
IV – Cash and cash equivalents		
1) bank and post office accounts	119	11,262
Total cash and cash equivalents	119	11,262
Total current assets (C)	**17,059,349**	**14,483,840**
D) Accruals and deferrals	**1,759**	**1,369**
Total assets	**30,403,208**	**27,736,273**
Liabilities		
A) Shareholders' equity		
I - Share capital	13,500,000	13,500,000
IV – Legal reserve	21,011	8,058
VI - Other reserves, distinctly shown		
Extraordinary reserves	399,209	153,098
Various other reserves	2	
Total other reserves	399,211	153,098
IX – Profit (loss) for the period	(267,365)	259,063
Total shareholders' equity	**13,652,857**	**13,920,219**
D) Payables		
4) payable to banks		
due within the next fiscal year	15,944,391	12,767,988
due after the next fiscal year	690,186	739,088
Total payable to banks	16,634,577	13,507,076
7) payable to suppliers		
due within the next fiscal year	73,954	229,238
Total payable to suppliers	73,954	229,238
12) Tax payables		
due within the next fiscal year	13,921	41,561
Total tax payables	13,921	41,561
13) payable to social security institutions		

	31/12/2023	31/12/2022
due within the next fiscal year	2,400	2,423
Total payable to social security institutions	2,400	2,423
14) Other payables		
due within the next fiscal year	1,496	30,098
Total other payables	1,496	30,098
Total payables	**16,726,348**	**13,810,396**
E) Accruals and deferrals	**24,003**	**5,658**
Total liabilities	**30,403,208**	**27,736,273**

Various other reserves	**31/12/2023**	
Difference from rounding-off to whole Euro units	2	

	31/12/2023	31/12/2022
Income statement		
A) Value of production		
1) revenues from sales and other services	854,875	281,699
5) other revenue and income		
Other	29,377	2,958
Total other revenue and income	29,377	2,958
Total value of production	**884,252**	**284,657**
B) Cost of production		
6) for raw materials, consumables and goods	3,401,047	5,166,496
7) for services	164,309	53,407
10) amortisation and depreciation		
a) amortisation of intangible fixed assets	989	5,921
b) depreciation of property, plant and equipment	224,691	74,728
Total amortisation and depreciation	225,680	80,649
11) variations to inventory of raw materials, consumables and goods	(3,136,808)	(5,166,133)
14) other operating expenses	159,432	127,411
Total cost of production	**813,660**	**261,830**
Difference between value and cost of production (A - B)	**70,592**	**22,827**
C) Financial income and expenses		
16) other financial income		
a) from receivables entered as fixed assets		
Other		412,735
Total financial income from receivables entered as fixed assets		412,735
d) income other than the above		
Other	10	1
Total income other than the above	10	1
Total other financial income	10	412,736
17) interest and other financial expenses		
Other	327,442	144,271
Total interest and other financial expenses	327,442	144,271
Total financial income and expenses (15 + 16 - 17 + - 17-bis)	**(327,432)**	**268,465**
Result before taxes (A - B + - C + - D)	**(256,840)**	**291,292**
20) Current, deferred and pre-paid income tax for the fiscal year		
Current income tax	10,525	32,229
Total current, deferred and pre-paid income tax for the fiscal year	**10,525**	**32,229**
21) Profit (loss) for the year	**(267,365)**	**259,063**

List of real estate properties

LIST OF REAL ESTATE PROPERTIES COMPREHENSIVE OF REVALUATIONS AS AT 31/12/2023 – Law 19/03/1983 n. 72 art. 10.

Description	Historical cost	Rev. L.576/75	Rev. L.72/83	Rev. L.413/91	Rev. from F.T.A. Ias 01/01/2005	Total real property at 31/12/2023	of which land value at 31/12/2023	of which value of buildings at 31/12/2023	Amortisation fund at 31/12/2023	Book value at 31/12/2023
Barberino V.E. - P.za Capocchini, 21/23 - Branch	148,309	0	0	0	475,968	**624,277**	0	624,277	440,115	**184,162**
Castelfiorentino - Via Cerbioni - Archive 1	642,111	0	0	0	227,844	**869,955**	185,000	684,955	493,742	**376,213**
Castelfiorentino - Via Cerbioni - Archive 2	497,075	0	0	0	98,101	**595,176**	150,000	445,176	270,814	**324,362**
Castelfiorentino - Via Gozzoli, 45 - Branch	1,004,113	0	0	0	1,013	**1,005,126**	250,000	755,126	441,024	**564,102**
Castelfiorentino - Via Piave - Head office	13,799,042	10,641	10,641	106,016	3,598,015	**17,524,354**	2,888,620	14,635,733	5,061,916	**12,462,438**
Castelfiorentino - Via Piave/Via Veneto - Head office	1,433,222	0	0	0	0	**1,433,222**	146,400	1,286,822	193,023	**1,240,199**
Cerreto Guidi - Via V. Veneto, 59 - Branch	475,736	0	0	0	216,286	**692,022**	0	692,022	400,851	**291,170**
Empoli - Via Cappuccini, 4 - Branch	68,971	0	0	0	156,468	**225,439**	0	225,439	158,939	**66,500**
Empoli - Via Chiarugi, 4 - Branch	4,522,834	0	0	0	2,747,576	**7,270,410**	2,000,000	5,270,410	4,408,095	**2,862,315**
Firenze - Via Maggio - Branch	1,558,533	0	0	0	0	**1,558,533**	0	1,558,533	542,960	**1,015,572**
Firenze - Via Varchi, 2/4 - Head office	12,125,031	0	0	0	0	**12,125,031**	1,222,000	10,903,031	2,930,404	**9,194,627**
Fucecchio - Piazza Montanelli - Branch	4,880,190	0	0	0	0	**4,880,190**	900,000	3,980,190	1,319,206	**3,560,984**
Gambassi Terme - Via Garibaldi, 18 - Branch	156,805	1,033	44,196	3,352	336,003	**541,389**	0	541,389	415,800	**125,589**
Gambassi Terme - Via Volta, 19/21 - Archive 3	1,723,216	0	0	0	0	**1,723,216**	552,655	1,170,561	504,026	**1,219,190**
Greve in Chianti - Piazza Matteotti - Branch	845,729	0	0	0	0	**845,729**	73,200	772,529	180,214	**665,515**
Montespertoli - Via Romita 105 - Branch	252,244	0	0	0	0	**252,244**	0	252,244	82,966	**169,279**
Poggibonsi - Via S.Gimignano, 24/26 - Branch	2,260,821	0	0	0	710,082	**2,970,903**	935,000	2,035,903	1,620,835	**1,350,068**
Roma - Via De Cavalieri - Altro	456,033	0	0	0	0	**456,033**	0	456,033	31,051	**424,982**
San Miniato - Via Tosco Romagnola - Branch	271,697	0	0	0	0	**271,697**	50,193	221,504	59,838	**211,859**
Total	**47,121,712**	**11,673**	**54,837**	**109,367**	**8,567,356**	**55,864,945**	**9,353,069**	**46,511,876**	**19,555,820**	**36,309,126**

140 Banca Cambiano
1884 - 2024 ANNIVERSARY