Cassa di Risparmio di Bolzano S.p.A.

Group

CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2022

Cassa di Risparmio di Bolzano S.p.A.

Südtiroler Sparkasse AG

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Dear Shareholders, Customers and Employees,

We extend our most cordial greetings, also on behalf of the members of the Board of Directors and the Board of Statutory Auditors, on this occasion for the presentation of the financial statements concerning the 168th financial year of our Bank, since its foundation in 1854.

Last year will be remembered internationally for the dramatic war of aggression in Ukraine, which upset an entire nation and geopolitics but also influenced our lives, as well as for the decisive inflationary recovery also triggered by speculation. To contain the rapid increase in prices, the main central banks consequently increased interest rates quickly, which remained around zero for a decade. Other important topics were environmental challenges, climate change and energy transition.

The year 2022 saw Banca del Cividale (CiviBank) join the Sparkasse Group. Thus, a new banking group was created, the first independent credit operator based in the Northeast, which ranks immediately after the four main national banking groups.

The growth of the group with the acquisition of CiviBank is the result of a strategic choice strongly supported by the Board of Directors. Sparkasse and CiviBank are long-established local banks. By joining forces, they will be able to significantly improve their market positioning. The development potential will allow us to create a group that can stand out for its growth capacity and be one of the main players in the areas in which it operates.

In 2022, our Bank managed to achieve excellent results, with great satisfaction for us and the Shareholders. The profit at consolidated level reached the amount of Euro 175.4 million and at the individual level of Euro 74.7 million. This is the highest result in the history of the Bank and underlines how the objective is to create value for our Shareholders and for the territory. For years we have been growing in terms of profitability, efficiency and service quality, while maintaining good capital strength. Recently, the Atlas of the Leading Banks of Milano Finanza declared that we are the Bank in Italy with the lowest level of credit risk.

The proposed distribution of dividends by the Board of Directors provides for the payment of dividends totalling Euro 21 million, corresponding to 35 cents in cash per share. We also want to maintain a prudent and conservative approach on this occasion, while seeking to remunerate the Shareholders in a satisfactory manner. Euro 21 million correspond to the higher dividend paid by Sparkasse in recent years. In the last 5 years we have distributed over 70 million in dividends. We believe that also this year they represent a concrete sign of thanks for the trust that our Shareholders have always placed in us.

The virtuous path taken has allowed our Bank to enjoy excellent consideration with the Supervisory Authorities, national institutions, such as ABI and ACRI, and with European institutions, such as ESBG (European Group of Savings Banks), where the Chairman of Cassa di Risparmio di Bolzano holds the important role of Vice-Chairman. It should be noted that 871 savings and retail banks in 20 European countries, which have a total of 163 million customers, are part of the ESBG Group. Cassa di Risparmio di Bolzano therefore has an excellent network with numerous links at European level.

With the intention of supporting people in need, Sparkasse supported two fundraising campaigns in 2022. The first in favour of the Italian Association of Amyotrophic Lateral Sclerosis AISLA, office of Trentino-Alto Adige, to provide concrete help to ALS patients and their families. The second initiative, undertaken in light of the terrible human tragedy following the outbreak of the conflict in Ukraine, was carried out in support of Caritas aid to the population of this country. Our customers have the opportunity to donate Euro 1 to charity for withdrawals at ATMs. The amount collected was then further supplemented by the Bank.

Our sincere thanks go to all employees for the active contribution made with dedication and commitment to our company. We measure ourselves in the quality of products and services and in the professionalism of each of our employees. Each of them contributes to the growth and productivity of the company.

Words of gratitude and appreciation also go to all the members of the Board of Directors and the Board of Statutory Auditors for their constant commitment.
We thank our stakeholders and, especially the Shareholders, our reference shareholder, the Cassa di Risparmio di Bolzano Foundation, the other national and foreign banks and foundations, the Customers, the Bodies, the Associations and the Suppliers, and also the Institutions.
In summary, the year 2022 represented an important moment from several points of view: Sparkasse continues to progress, confirming the growing capacity to generate added value. In addition, the year was characterised by the extraordinary nature of the acquisition of CiviBank which lays the foundations for achieving a future prospect of greater capacity for efficiency and development through the growth in size at Group level.
Let us conclude with a hope: that Sparkasse will continue to be an institution that is always in step with the times, able to renew and reinvigorate its mission also through the ability to better deal with and manage the great changes we are experiencing. We have maintained and will continue to safeguard the local vocation of our Bank, which is based on attention to the people and communities of reference. Today our territory can boast a company, a financial infrastructure, which is at the top of national and Central European values, a great satisfaction for us and for all stakeholders.

Kind regards.

Gerhard Brandstätter
Chairman, Cassa di Risparmio di Bolzano

Carlo Costa
Deputy Chairman, Cassa di Risparmio di Bolzano

Bolzano, 14 March 2023

SPARKASSE
CASSA DI RISPARMIO

Letter from the Chief Executive Officer and General Manager

Letter from the Chief Executive Officer and General Manager

Dear Shareholders, Customers and Collaborators,

2022 was an intense year characterised by great challenges. Thanks to the commitment and perseverance that have always distinguished us, Sparkasse has managed to achieve important goals and strengthen its position on the reference market. Our Bank was able to **carry out the extraordinary transaction** consisting of the **acquisition of CiviBank**, which will add value to our Group and give an even greater prospect of robustness to be a strong bank in support of the development of our territories. We have achieved the best result in recent years, this will allow us to face future challenges well prepared, continue on the path we have taken with conviction, aiming for a modern bank model, oriented towards consulting, attentive to digital innovation and sustainability.
Over the last seven years we have built the foundations for constant and significant growth. The extraordinary transaction, i.e. the launch of the public offer on CiviBank, which ended **with great success** in June 2022, allowed us to hold a share of 79.1% of the capital of the bank based in Friuli. This is a transaction that has a **strong territorial value** because it creates **a new point of reference in the Northeast, which** after the large national banks **is the most important in the three regions of Trentino-Alto Adige, Veneto and Friuli-Venezia Giulia.** All this is a new starting point for growth with a long-term vision, focused on the development of our business model and the structural challenges of the banking industry.
I recall that the Atlas of the Leading Banks of Milano Finanza declared, a few weeks ago, that we are **classified as the bank in Italy with the lowest level of credit risk,** i.e. a bad loan ratio on total loans of 0.10%. We are particularly proud to be a bank characterised by particularly prudent indicators and to be able to express a vision that places us in first place in Italy by level of risks because it **testifies to a great capacity for selection in the granting of loans, which however, has not slowed down the propensity to disburse credit.** Over the last five years, more than Euro 6.1 billion of new medium/long-term loans have been disbursed. Granting credit and supporting the areas in which we operate confirms our role as a bank attentive to the needs of households and businesses. The year closed with a profit at consolidated level of Euro 175.4 million and at individual level the profit was Euro 74.7 million. The individual net profit exceeds the record result achieved in the previous year (+4.7%) and represents the best result in our history.
I recall the main dimensional data of the new group:

- ✓ the stock **of gross loans to customers** of the new Group, including CiviBank, amounts to **Euro 10.3 billion**;
- ✓ **direct funding from customers** amounted to **Euro 12.3 billion;**
- ✓ the total amount of **managed funding** came to **Euro 2.9 billion**;
- ✓ Total Group assets amount to **Euro 17.5 billion**;
- ✓ New medium/long-term **loans disbursed** during the year amounted to **Euro 1,920 million**;
- ✓ The new group has **more than 300 thousand customers** and the total distribution network includes **170 branches.**

In the last 5 years we have distributed 51.4 million in dividends, in addition to the 21 million relating to the 2022 profit, for a total of over 70 million and also this year we are confident that our Shareholders will be satisfied.
Also in 2022, the preparation and expertise of the Sparkasse team allowed us to gain the trust of our customers who increasingly choose us for the management of savings, insurance needs or to finance their projects. The relationship is one of our strengths. Customers recognise us as a bank that is always "close", with which it is possible to communicate and obtain clear and precise answers. At the same time, we have taken steps to innovate to add new relationship models to the classic model of customer interaction. Thus, in 2022 SPARKASSE meet was born - our new unit specialised in remote consultancy. The service is available with extended hours compared to branch hours and allows the subscription of products and services remotely, including investment and protection solutions. The mission is clear: to be close to the customer, integrating an additional contact method to guarantee an excellent service experience in all its phases, from consultancy to remote purchases to after-sales management. The strategic value lies in the development of an effective omni-channel approach to increase relational opportunities and guarantee a personalised experience.
The real economy in 2022 experienced a phase of uncertainty, which was mainly linked to the war in Ukraine, the rise in energy costs and inflation growth. Fortunately, expensive energy is decreasing, inflation has most likely reached its peak and is slowly receding. In the face of extremely high inflation rates, the European Central Bank responded by raising monetary policy rates, a path that, in terms of speed and breadth, is unprecedented in the history of the monetary union. However, we hope that monetary policy decisions will be able to take this new framework into account and that rate increases will be less pronounced than expected. We are confident in a positive evolution of the economic situation, especially in the Northeast, whose economy is composed in every fields of excellence that have a strong ability to readjust.
Allow me another important consideration: an element that represents one of our strengths is the important level of funding from customers that we have, which can make a difference and be decisive also with respect to the development prospects in a world that is back at "normal rates", and where the right balance between funding and lending makes the difference. I believe that it will be a decisive factor for the economic results of the banks in the next period. Local and traditional banks, like ours, have this peculiarity, which today proves to be a competitive advantage. We are a banking group that has Euro 12 billion in deposits and Euro 10 billion in loans, therefore a model balance that becomes particularly useful in this new situation.
We are solid and we are growing year on year in terms of profitability, efficiency and quality of services. We are convinced that in the coming years the new group will be able to achieve important goals, thanks also to the synergies that can be developed with the new CiviBank bank.

Kind regards,

Nicola Calabrò
Chief Executive Officer and General Manager

Bolzano, 21 March 2023

SPARKASSE
CASSA DI RISPARMIO

Consolidated summary sheet

Consolidated summary sheet

SUMMARY SHEET

Consolidated balance sheet figures (in thousands of euro)	31/12/2022	31/12/2021	Absolut change +/-	% change
Total Assets	**17.441.457**	**11.290.928**	**6.150.529**	**54,47%**
Financial investments	**15.286.239**	**10.543.652**	**4.742.587**	**44,98%**
Financial assets measured at fair value through profit or loss	182.853	293.206	(110.353)	-37,64%
Financial assets measured at fair value through other comprehensive income	369.923	375.426	(5.503)	-1,47%
Financial assets measured at amortised cost	14.733.463	9.875.020	4.858.443	49,20%
- of which Loans to banks	243.926	539.307	(295.381)	-54,77%
- debt securities	137.143	120.917	16.226	13,42%
- of which Loans to customers	14.489.537	9.335.713	5.153.824	55,21%
- net loans	*9.991.218*	*6.448.855*	*3.542.363*	*54,93%*
- debt securities	*4.498.319*	*2.886.858*	*1.611.461*	*55,82%*
Property, plant and equipment	380.777	317.795	62.982	19,82%
Intangible assets	25.318	17.043	8.275	48,55%
Equity investments	9.505	6.384	3.121	
Direct funding	**12.272.815**	**7.774.844**	**4.497.971**	**57,85%**
Due to customers	12.149.187	7.664.491	4.484.696	58,51%
Payables represented by securities	123.628	110.353	13.275	12,03%
Due to banks	3.598.520	2.335.732	1.262.788	54,06%
Total funding	**15.871.335**	**10.110.576**	**5.760.759**	**56,98%**
Direct funding [1]	12.272.815	7.774.844	4.497.971	57,85%
Indirect funding	5.695.274	4.469.277	1.225.997	27,43%
Total funding	**17.968.089**	**12.244.121**	**5.723.968**	**46,75%**
Shareholders' equity	**1.018.525**	**869.524**	**149.001**	**17,14%**

Consolidated income statement figures (in thousands of euro)	31/12/2022	31/12/2021	Var. ass. +/-	Var. %
Net interest income	266.400	149.363	117.037	78,36%
Gross contribution margin [2]	384.342	271.318	113.024	41,66%
Gross operating result [3]	244.920	105.948	138.972	131,17%
Net operating result [4]	192.934	92.898	100.036	107,68%
Gross profit (loss)	201.257	93.298	107.959	115,71%
Profit (loss) for the year	175.384	72.609	102.775	141,55%

Capital ratios (%)	31/12/2022	31/12/2021	var. +/-
CET 1 Capital Ratio	12,60	14,86	-2,26
Tier 1 Capital Ratio	13,27	15,68	-2,41
Total Capital Ratio	14,20	16,09	-1,89

Liquidity ratios (%)	31/12/2022	31/12/2021	var. +/-
LCR (Liquidity Coverage Ratio)	187,60	196,11	-8,51
NSFR (Net Stable Funding Ratio)	120,89	125,34	-4,45
Leverage Ratio (ratio between Tier1 and Total assets)	5,69	7,30	-1,61

Coverage of non-performing loans (%) [5]	31/12/2022	31/12/2021	var. +/-
Coverage of bad loans	68,02	86,01	-17,99
Coverage of unlikely to pay	42,96	61,49	-18,53
Total coverage of non-performing loans	47,46	67,34	-19,89
Gross NPL ratio	3,61	3,87	-0,26
Net NPL ratio	1,94	1,30	0,63
Texas Ratio [6]	19,39	9,85	9,54

Profitability and efficiency ratios (%)	31/12/2022	31/12/2021	var. +/-
ROE - Return on equity [7]	18,58	8,79	9,79
Gross contribution margin/brokered funds [8]	1,38	1,47	-0,09
Cost / income ratio [9]	54,42	56,37	-1,95

1) direct funding, starting from 2019, includes lease payables recognised in accordance with IFRS 16
2) coincides with the net interest and other banking income (Item 120 of the consolidated income statement)
3) net interest and other banking income - operating costs (excluding allocation to provisions for risks and charges)
4) Profti (loss) from current operations after tax (Item 310 of the consolidated income statement)
5) determined on the basis from the net book value of the non-performing loans (fair value) of Banca di Cividale (in accordance with IFRS3)
6) ratio between net non-performing loans and tangible shareholders' equity
7) ratio between profit for the year and and closing shareholders' equity (average of the last two years)
8) total fundign and loans to customers
9) the value was determined without considering: i) the payment of contributions to the Crisis Resolution and Deposit Guarantee Funds, ii) the "badwill" resulting from the business combination with CiviBank.

Board of Directors' Report on Group operations

1 Introduction

In compliance with the provisions of IFRS 10, in addition to the Parent Bank, the following companies are included in the scope of consolidation:

- Banca di Cividale S.p.A. - Benefit companies (hereinafter also "CiviBank");
- Sparim S.p.A.;
- Raetia SGR S.p.A. in liquidation;
- Sparkasse Haus S.r.l.;
- SPK OBG S.r.l.;
- the Dolomit Real Estate Fund in liquidation;

79.10%, 100%, 100%, 100%, 60% and 96.82% owned respectively;

- Fanes S.r.l. special purpose entity of the self-securitisations put in place by the Parent Bank, included in the scope of line-by-line consolidation in compliance with the more extensive definition of "control" dictated by IFRS 10 from 1 January 2014.

With regard to the equity investment in Raetia SGR S.p.A. in liquidation, it should be noted that, although it falls within the scope of consolidation, following its placement in liquidation on 27 April 2012, the totals of the Assets and Liabilities as well as the income statement result are respectively classified under the items "Non-current assets and groups of assets held for sale", "Liabilities associated with assets held for sale" and "Profit (loss) from discontinued operations after tax" for their carrying amount after the elision and consolidation entries.
In addition, it should be noted that, with reference to the closed-end real estate fund Dolomit, managed by Castello Sgr S.p.A., on 13 February 2019 the shares were paid back to the subscribers (albeit partially and not definitively), following the final liquidation process of the Fund itself, which will be concluded shortly.
Also included in the scope of consolidation is the 25% investment in Autosystem società di servizi S.p.A. over which the Parent Bank exercises a significant influence, i.e. holds a stake of between 20% and 50%. This company is valued and consolidated using the equity method.
In the consolidated financial statements, in addition to the elimination of intra-group items, as well as of dividends collected, intra-group profits, not realised with third parties, were eliminated.

2 The macroeconomic scenario

2.1 The international economic context and changes in the banking system

After the strong recovery in 2021, triggered by the (partial) removal of restrictions to contain coronavirus infections and the progress of vaccination campaigns in advanced countries, the global economy lost momentum in 2022. Among other things, the increase in inflation, the aggressive tightening of monetary policy, the continuation of the war in Ukraine, high energy prices and bottlenecks along the production chain (albeit gradually easing) had a negative impact. Between July and September (the latest period for which data are available), GDP rose by 1.3% compared to the previous period in the G20 countries, i.e. in the most important advanced and emerging economies, but by just 0.4% in OECD (Organisation for Economic Cooperation and Development) countries, i.e. in the main advanced economies. The decidedly more sustained trend of the G20 countries compared to the OECD countries is largely explained by the return to growth of China (+3.9%) in the wake of the reopening of the economy and the stimulus measures adopted by the authorities, after the sharp contraction in the second quarter (-2.4%) due to the strict containment measures implemented as part of the zero-COVID strategy in response to the outbreaks that emerged in the major provinces. On the other hand, in the third quarter the G20 countries grew by 3.3% and the OECD countries by 2.5%, compared to the corresponding period of 2021. The GDP of the G20 and OECD countries therefore exceeds the pre-pandemic level at the end of 2019 by 6.0% and 3.7%, respectively. The only G20 country that has not yet recovered the level at the end of 2019 is the United Kingdom (-0.4%). The best performance since the end of 2019 was instead recorded by Turkey, whose economy grew by 17.7%, followed by China (+13.2%) and Saudi Arabia (+10.5%). With reference to the three most important economic areas, based on the preliminary estimates for the fourth quarter of 2022 released in January, GDP increased by 1.9% compared to the corresponding period of 2021 in the Eurozone, by 0.9% in the United States and 2.9% in China. On the other hand, in the whole of 2022 the Eurozone grew by 3.5% (from +5.3% in 2021), the United States by 2.1% (+5.9%) and China by 3.0% (+8.4%).

After worsening world growth projections for 2023 three times during 2022, the International Monetary Fund (IMF) revised them upward by two tenths in late January, while lowering those for 2024 by one tenth. However, the rise in rates to combat inflation and the war in Ukraine continue to weigh on economic activity. The slowdown in growth in 2023 will be almost generalised, however not affecting China, Japan, Russia and others. The spread of COVID-19 in China held back growth in 2022, but the recent reopening paves the way for a faster-than-expected recovery. Although monetary tightening is starting to cool demand and the price rush, the battle against inflation is far from being won. The risks for the outlook remain on the downside, even if they have decreased slightly compared to October. In particular, mention is made of a possible stalemate in China (due to greater than expected economic disruptions due to new waves of COVID-19 infections or a stronger than expected slowdown in the real estate sector), inflation that remains stubbornly high for an extended period of time (the continuous tensions in the labour market and the growing pressures on wages could require even more restrictive monetary policies, then leading to a more marked slowdown in activity), an escalation of the war in Ukraine, a sudden repricing of financial markets (e.g. example in response to negative inflation surprises), a tightening of financial conditions (especially in emerging markets) and greater geopolitical fragmentation.

Based on the IMF projections contained in the update of the "World Economic Outlook", in 2023 the world economy will grow by 2.9%, therefore showing a further slowdown after the +3.4% expected for 2022 and +6.0% in 2021. In 2024, however, growth should accelerate again, albeit by just two tenths to 3.1%. However, advanced economies will only grow by 1.2% in 2023 and by 1.4% next year, after +2.7% in 2022. On the other hand, emerging countries will expand by 4.0% in 2023, after +3.9% in

2022, and by 4.2% in 2024. The growth differential between emerging countries and advanced economies, after narrowing to 1.2% in 2022, will therefore widen again, reaching 2.8% in both 2023 and 2024. With reference instead to the three most important economic areas, after an increase of 3.5% in 2022, the Eurozone GDP should only rise by 0.7% in 2023 and 1.6% in the next year. Whereas the United States will grow by 1.4% in 2023 and 1.0% in 2024, after +2.1% in 2022. Finally, the Chinese economy is expected to expand by 5.2% in 2023 and 4.5% in 2024, after growing only 3.0% in 2022, therefore remaining significantly below the official target of 5.5%. During 2022, the United States was affected by the tightening of financial conditions, China by the protracted weakness of the real estate sector and the continuous lockdowns, while in the Eurozone the energy crisis caused by the war in Ukraine was mainly felt.
During 2022, there was a further sharp acceleration in inflationary pressures. This trend is explained primarily by the dizzying increase in the prices of energy goods (in March the price of Brent quality oil jumped to 139 dollars per barrel, the highest since August 2008, while the price of natural gas listed on the Amsterdam TTF reached a record Euro 345 per megawatt-hour) and food, exacerbated by the unjustified aggression of Ukraine by Russia, as well as by supply-side constraints also linked to problems in global supply chains (albeit gradually easing), by a still relatively robust demand and tense conditions in the labour markets. In November, pressure on consumer prices began to ease in OECD countries after reaching 10.8% in October, the highest level since 1988. This is the first decline since October 2020. On average in 2022, inflation jumped to 9.6% (from 4.0% in 2021).
As regards the Eurozone, in December inflation fell by nine tenths to 9.2%, after having reached a new high in the historical series, i.e. since at least 1997, of 10.6% in October. Unlike in the United States, around two-thirds of inflation in the Eurozone is accounted for by energy and food. Core inflation, net of energy and food, instead rose to 5.2% in December, a level never reached before. On average in 2022, inflation accelerated by 5.8 percentage points to 8.4%. The latest European Central Bank (ECB) projections for December predict a decline in inflation to 6.3% in 2023, 3.4% in 2024 and 2.3% in 2025, thus approaching the ECB's target once again, which in the medium term pursues an inflation of 2%. Net of the energy and food component, inflation should still rise to 4.2% in 2023 (from 3.9% in 2022), but then fall to 2.8% in 2024 and 2.4% in 2025.

2.2 New legislation and regulations

The novelties in force for companies

<u>Tax concessions - energy credits</u>

In 2022, the legislator intended to facilitate the so-called "energy-intensive" and "gas-intensive" companies through the recognition of tax credits in favour of the same and during the various quarters of the year extended these measures also to companies of different types. In order to provide continuity, the 2023 budget law extended and increased, starting from 01.01.23 the measures to contain the price increase for the first quarter of 2023 due to the energy crisis. In particular, by means of:

- tax credits for the purchase of electricity and natural gas; and
- tax credits for the purchase of fuel for companies operating in the agricultural and fishing sectors.

The rate for the first quarter of 2023 is recognised at 35% for non-energy-intensive companies and 45% for other companies (energy-intensive, gas-intensive and non-gas-intensive).
The beneficiaries are required to fulfil the tax credits for the purchase of electricity and natural gas relating to the third quarter of 2022 and the months of October-November and December 2022, or the obligation to communicate to the Revenue Agency by 16 March 2023 the amount of the receivable accrued in 2022 under penalty of forfeiture of the right to use the credit not yet used.
Tax credits must be used by 31.12.23, exclusively as offsetting through form F24 and without application of annual limits. Any assignments are possible only in full, through compliance and without the right of subsequent assignment, without prejudice to the possibility of two further assignments only if made in favour of "qualified parties" (banks and financial intermediaries, companies belonging to a banking group and insurance companies).

Subsidised assignment of assets to shareholders - Subsidised removal of the operating property of the individual entrepreneur

Measures have been introduced to facilitate the exit of assets from company assets.
In particular, with regard to partnerships and joint-stock companies, the 2023 budget law proposes the assignment and transfer of assets to shareholders, provided that it takes place by 30.09.2023. Subsidised assets are represented by:

- property assets (land and buildings), with the exception of operating assets by purpose (operating property assets by nature, not used directly for the exercise of the business activity; Property goods; Property investments, e.g. property for residential use); and
- movable assets recorded in public registers not used as operating assets in the company's own business.

The transfer takes place through the application of substitute tax (8% or 10.5% for shell companies) applied on the difference between the normal value and the cost recognised for tax purposes and with the application of cadastral multipliers. The taxpayer has the right to choose between the market value or the cadastral value as the normal value. The payment of the tax is due by 30.09.23 (60%) and 30.11.23 (40%). The rule requires registration in the shareholders' register by 30.9.2022, "where required". For partnerships and other companies not required to keep the register of shareholders, the qualification of shareholder must be proven at the reference date with suitable securities with a certain date. The assignments must be made in compliance with the equality of the shareholders. It is possible to assign to certain shareholders assets that can be subsidised (e.g. property) and other assets that cannot be subsidised, or money.

The rule concerning the operating assets of the individual entrepreneur has a similar content. Operating property assets can be privatised with the payment of a substitute tax of 8%. Many shops, offices, warehouses are "imprisoned" in the company regime, due to the high tax cost necessary to complete the exclusion (which configures a so-called self-consumption, to be subject to normal IRPEF taxation - 43% maximum - on the surplus between market value and cost recognised for tax purposes).
The subjective requirement is that the individual entrepreneur is still in business:

- at 31.10.2022, the date on which the operating properties must be owned by the entrepreneur; and
- at 1.1.2023, the date to which the effects of the exclusion refer.

The option can be exercised:

- by 31.05.2023 with effect from 1.1.2023;
- by simple conclusive behaviour; and
- fulfilment of obligations on the journal, in the case of a company in ordinary accounting; on the register of depreciable assets, in the case of companies in simplified accounting, or on the register that replaces the latter, for those who benefit from accounting simplifications.

The transaction must be indicated in Framework RQ of the 2024 tax return referring to 2023.
The exclusion must be implemented in the time window 1.1.2023 - 31.5.2023 while the payment of the substitute taxes due is for 60% by 30.11.2023 and for the remaining 40% by 30.6.2024.

Amendments to the flat-rate regime - Incremental flat tax

The 2023 budget law increased the limit of revenues and fees for accessing and remaining in the flat-rate regime from Euro 65,000 to Euro 85,000 and above all, provides for the automatic and immediate exit from the flat-rate regime in the event that the revenues or remuneration received exceed Euro 100,000, thus preventing opportunistic tax behaviour. In essence, the new regulation provides for the exit from the following year to occur only if revenues exceed Euro 85,000 but remain below Euro 100,000; once this last threshold is exceeded, the discharge is immediate. In this case (exit during the year), the accounting and tax regime becomes the ordinary one.

For taxpayers who are natural persons carrying out business activities, arts or professions, other than those applying the flat-rate regime, who exercise the activity individually (with the exclusion of shareholders of partnerships and professional associations), the budget law establishes a fixed tax (15%), in lieu of IRPEF and related surcharges, on the portion of business or self-employment income accrued in 2023 in excess of the highest of the previous three-year period (the so-called "incremental flat tax" or "tax incremental flat rate").
The tax relief applies exclusively for the year 2023.

Special remediation and remediation for formal violations
For violations on the declarations committed up to 31.12.2021 on taxes administered by the Revenue Agency (subject to potential assessment, therefore from 2016 onwards), the possibility of removing the violation, the payment of taxes, interest and penalties with reduced penalties at a 1/18 ratio (normally from 1/9 to 1/5) is introduced, also in instalments (normally not allowed) if made by 31.03.2023.
It must be

- violations concerning the declarations validly submitted relating to the tax period in progress at 31/12/2021 and to the previous tax periods and which concern the taxes administered by the Revenue Agency (in general, these are violations concerning the years from 2016 to 2021)
- substantial declarative violations (which have an effect on the tax base)
- substantial violations prior to the submission of the return (e.g. for VAT purposes, omitted invoicing)

and omitted declarations, violations regarding tax monitoring - Framework RW, formal violations and omitted payments (as well as other violations that can be contested with amicable notices pursuant to Article 36-bis of Italian Presidential Decree 600/1973 and 54-bis of Italian Presidential Decree 633/1972) are expressly excluded.

"Tax respite" - Definition of tax assessments and disputes
Following the rationale aimed at closing any "open items", the budget law provides for several additional measures that go hand in hand with the aforementioned special amendment. In particular, the following is envisaged:

- the facilitated definition of the amounts due following the automated control of the declarations (with a penalty of 3% instead of 30%);
- the regularisation of formal irregularities (in which the removal of the irregularity or the payment of Euro 200 for each tax period is requested);
- the facilitated definition of the deeds of assessment;
- measures aimed at closing tax disputes (the more "convenient" the more advanced and successful the dispute is);
- the write-off of cargoes up to Euro 1,000.

Deductibility of costs in "black list" countries and redemption of foreign profits
The new regime limits the deductibility of expenses deriving from transactions with businesses or professionals resident or located in countries or territories considered "non-cooperative" for tax purposes. These are the countries or territories identified in Annex I to the EU list of non-cooperative jurisdictions for tax purposes, adopted by the Council of the European Union and the list is revised twice a year.
Expenses and other "black-listed" components are allowed as a deduction within the limits of the normal value and the limitation does not apply against proof of the actual economic interest and the actual execution of the transaction. There is always the obligation to indicate these costs separately in the tax return.

Substitute tax is introduced on the profits and profit reserves of the investees with a privileged tax regime. The redemption is optional (the ordinary regime provides for full taxation). By 1.4.2023, the implementing provisions must be issued by the Ministry of Economy and Finance with a specific decree that is relevant only for taxpayers who hold the equity investments under a business regime.

The ordinary regime provides for full taxation of profits and profit reserves from businesses or entities resident or located in states or territories with a privileged tax regime. The rates envisaged for the redemption are:

- 9% for IRES subjects and 6% if repatriated;
- 30% for IRPEF subjects and 27% if repatriated.

The possibility of redempting foreign profits from states or territories with a privileged tax regime is allowed if:

- profits and profit reserves are not yet distributed at 1.1.2023;
- the financial statements show foreign parties directly or indirectly invested in.

Tax credits on investments in capital goods (4.0 and ordinary)
Last year's 2022 budget law had already extended the tax credit for "Industry 4.0" investments to 2025, but with halved rates starting from 2023. The new 2023 budget law extends only the "long" term for making investments in tangible assets "4.0" from 30.06.2023 to 30.09.2023 with reservation by 31.12.2022

The novelties in force for work and family

IRPEF deduction of VAT paid for the purchase of new homes
The 2023 budget law reintroduces the IRPEF deduction on the VAT paid for the purchase of high energy efficiency residential property units, equal to 50% of the VAT paid. A similar benefit was already introduced with the 2016 budget law, which concerned purchases made by 31.12.2017.
With this measure, the greater tax burden represented by VAT which, in some cases, must be paid by "private" purchasers, natural persons, is reduced. Normally, all other things being equal, it is certainly more convenient for "private individuals" to purchase a property subject to registration tax rather than VAT.
The subsidy consists of an IRPEF deduction for natural persons equal to 50% on the VAT paid for the purchase of residential property units.
The property must be for residential use and have high energy efficiency (energy class A or B); and
The purchase must be made by 31 December 2023 (to this end the cash principle is relevant) and it can concern a first or second home or luxury home.
The seller must be a collective property investment undertaking (UCITS), a construction company or a company that has carried out the recovery interventions. The IRPEF deduction must be divided into ten equal instalments

Extension of measures in favour of the purchase of a home for those aged under 36
The 2023 budget law extends the operations of the "Prima casa under 36" benefits until 31.12.2023 and consists of:

- the exemption from deed taxes (registration tax, mortgage tax and cadastral tax) and for deeds subject to VAT, a tax credit equal to the VAT paid in relation to the purchase itself;
- exemption from substitute tax on mortgages disbursed for the purchase, construction and renovation of subsidised properties.

Renegotiation of mortgage loan agreements
The possibility of renegotiating floating rate mortgages until 31.12.2023 was introduced, in order to obtain the application of a fixed rate. The type of loan contracts admitted to the subsidy concerns mortgage loans with variable rate and instalment for the entire duration of the loan, stipulated (or assumed) before 1.1.2023, for an original amount not exceeding Euro 200,000.00 and aimed at purchase or renovation of residential units.
The requirements to obtain the renegotiation of the loan agreement are an ISEE not exceeding Euro 35,000 and the absence of delays in the payments of previous instalments (unless otherwise agreed between the parties)
The borrower has the right to obtain from the lender the application of a fixed nominal annual rate not higher between the IRS in euro at 10 years and the IRS in euro with a duration equal to the residual duration of the loan or if not available, the IRS for the previous duration, reported at the renegotiation date on the ISDSAFIX 2 page of the

Reuters circuit. Added to this rate is a spread equal to that indicated, for the purposes of determining the rate, in the original loan agreement.
The mortgage guarantees continue to support the re-negotiated loan according to the agreed methods, without the completion of formalities and annotations.

<u>New tax bonuses (Superbonus 110% and mobile bonuses)</u>
The rate of the so-called Superbonus was reduced from 110% to 90% for the year 2023 for the interventions carried out by the following entities:

- condominiums
- natural persons on common parts of buildings wholly owned up to 4 units
- natural persons for interventions on individual property units within the same condominium or building
- ONLUS, ODV and APS registered in the appropriate registers

For the year 2024, the reduced rate of 70% is applied, and for the year 2025 the rate of 65% is applied.

<u>Redemption of income from UCITS and insurance policies</u>
The 2023 budget law provides for entities that hold units of UCITS (collective investment undertakings), the possibility of considering the various financial income and capital income accrued at 31.12.2022 as realised and to benefit from the related redemption of the value of the fund through the payment of the substitute tax of 14%.
Income deriving from Italian UCIs and income from foreign UCITS may be subject to redemption, and by express regulatory provision, the option for the redemption of income from UCITS cannot be exercised for securities held in portfolio management relationships for which the "asset management" option has been exercised.
The option for the redemption of UCITS is exercised by subjecting the difference between the value of the units or shares at 31.12.2022 and the purchase or subscription cost or value to a substitute tax of 14%. The financial intermediary must be notified by 30.06.2023 of the right to make use of the redemption and proceed with the payment of the substitute tax by 16.09.2023 through the intermediary itself, once the funding has been provided.
A similar rule provides for the possibility of redempting insurance income (classes I and V), consisting of the difference between the value of the mathematical provision at 31.12.2022 and premiums paid, for entities holding life insurance contracts, through the payment of the substitute tax for income taxes of 14% (class III and contracts expiring by 31.12.24 are excluded).

<u>Revaluation of quotas and land</u>
The revaluation of land and company shares is extended to 2023 through the application of a single rate of 16% on the value resulting from the appraisal to restate the value recognised for tax purposes for the purposes of calculating the capital gain (in 2021 it could be revalued with a rate of 11%, 14% in 2022).
The novelty is that it is also possible to revalue the shares of companies traded on regulated markets or multilateral trading systems.
The requirements are:

- ownership of the equity investment at 01.01.2023
- the presence of an appraisal by 15.11.2023
- the payment of the substitute tax by 15.11.2023

The revaluations carried out in previous years remain in force, with the possibility of deduction of the substitute tax paid in previous years.
For the recalculation of the cost of listed equity investments, it is possible to assume the normal value pursuant to Article 9 of the TUIR, i.e. the arithmetic average of the prices recorded in December 2022

<u>Amnesty for cryptos (activities and introduction of tax regulations for crypto-assets)</u>
The tax regime for crypto-assets is formulated ex novo, starting from 01.01.2023 (new Article 67 paragraph 1, letter c-sexies of the TUIR and Article 68 paragraph 9-bis of the TUIR). They fall under sundry financial income such as capital gains and other income

"*realised through repayment or sale for consideration, exchange or holding of crypto-assets in any case denominated*".
The new Article 67, paragraph 1, c-sexies therefore tax the capital gains and other income deriving from:

- the reimbursement;
- the assignment for consideration;
- the exchange;
- the detention.

This income is not subject to taxation if it is lower overall than Euro 2,000.00 in the tax period and is subject to a substitute tax of 26%.

<u>The special active repentance and "fiscal truce" - the settlement of pending disputes and appeals with the Revenue Agency</u>
With a similar spirit to the measure envisaged for companies, it is possible to proceed with the special repentance for:

- violations concerning the declarations validly submitted relating to the tax period in progress at 31/12/2021 and to the previous tax periods and which concern the taxes administered by the Revenue Agency (in general, these are violations concerning the years from 2016 to 2021);
- substantial declarative violations (which have an effect on the tax base);
- substantial violations prior to the submission of the return (e.g. for VAT purposes, omitted invoicing).

Omitted declarations, violations of framework RW, formal violations and omitted payments are excluded. The regulation provides for the reduction of penalties to 1/18 of the minimum, with payment in instalments and after removal of the violation and related payment. There should be no acts in place (taxation, amicable communications or audits) in progress.
Following the rationale aimed at closing any "open items", the budget law provides for several additional measures that go hand in hand with the aforementioned special amendment. In particular, it is envisaged that:

- the facilitated definition of the amounts due following the automated control of the declarations (with a penalty of 3% instead of 30%);
- the regularisation of formal irregularities (in which the removal of the irregularity or the payment of Euro 200 for each tax period is requested);
- the subsidised definition of the assessment deeds (provided that they are not challenged and for which the deadlines for submitting an appeal have not expired, as well as those notified by the Agency by 31.03.2023. The penalty reduced to 1/18 of the minimum with reference to assessments with compliance pursuant to Articles 2 and 3 of Italian Legislative Decree no. 218/97 relating to PVCs delivered by 31.3.2023 and notices of assessment/adjustment/settlement not challenged and still open to challenge at 1.1.2023 and those notified subsequently, by 31.3.2023);
- measures aimed at closing tax disputes (the more "convenient" the more advanced and successful the dispute is);
- the write-off of cargoes up to Euro 1,000. The cancellation is automatic at 31.3.2023, of debts with a residual amount, at 1.1.2023 up to Euro 1,000, including principal, interest for late registration and penalties, resulting from the individual loads entrusted to the Collection Agent, by the State Administrations/Tax Agencies/Public Social Security Agencies, in the period 2000 - 2015. The write-off of charges to different entities is possible, if the same creditor entity does not resolve the non-application of the provisions in question.

<u>Other novelties</u>
Further changes concern the introduction of the substitute tax on tips for hotel and restaurant personnel (5% within the limit of 25% of the income received during the year) and the new taxation on Swiss pensions (5% substitute tax on sums everywhere paid in Italy by the Swiss invalidity, old-age and survivors' insurance (OASI) and the

Swiss management of the occupational pension for old age, survivors and invalidity (LPP), and therefore even without resident intermediaries intervening in their payment).

Summary of the main regulatory impacts of interest for the banking system

8th update of Circular no. 262 "The bank financial statements: formats and rules for preparation" (17.11.2022)

The 8th update amended Circular no. 262 of 22 December 2005 to take into account the new international accounting standard IFRS 17 "*Insurance contracts*" (which will replace the current accounting standard on insurance contracts IFRS 4 from 1 January 2023) and the consequent amendments introduced in other international accounting standards, including IAS 1 "Presentation of Financial Statements" and IFRS 7 "Financial Instruments: Disclosures".

The amendments mainly concern the consolidated financial statements of banks leading conglomerates mainly in the banking sector as well as those of banks that have equity investments in insurance companies consolidated for accounting purposes and that are not at the head of conglomerates.

The main new aspects introduced concern the adjustment of the consolidated financial statements and the related disclosure of the notes to the IFRS 17, which amended IAS 1 and IFRS 7, and the alignment with the provisions issued by IVASS.

The update applies starting from the financial statements closed or in progress at 31 December 2023.

38th update of Circular 285/2015 "Supervisory provisions for banks" - Amendments to the rules on capital reserves of banks; introduction of the capital buffer for systemic risk and macroprudential measures based on the characteristics of customers or loans (22.02.2022)

The 38th update:

- introduces the possibility for the Bank of Italy to activate the systemic risk buffer (SyRB) for banks and banking groups authorised in Italy, outlines the methods for calculating the reserve, and defines the notification procedure and of mutual recognition of its coefficient;
- aligns the rules on capital buffers and capital conservation measures to the evolution of the European regulatory framework (amended following the entry into force of Directive 2019/878/EU, CRD V) and implements the EBA guidelines on the appropriate subsets of sector exposures for the application of the SyRB and those relating to the clarification of systemically important indicators and related disclosure (EBA/GL/2020/14);
- introduces some borrower-based measures into national law. They can be used to counter systemic risks deriving from the trends of the property market and from the high or rising levels of debt of households and non-financial companies. The provisions outline the framework of the powers of the Bank of Italy and define the characteristics of the measures, the criteria for their activation and the mechanisms of reciprocation of the measures on a voluntary basis. These measures may be activated with respect to Italian banks, branches in Italy of non-EU banks and non-EU banks operating in Italy under the provision of services without establishment, in relation to the granting of loans carried out in Italy. The introduction of the SyRB and borrower-based measures also responds to the recommendation of the International Monetary Fund to expand the macroprudential instruments available to the Bank of Italy (1).

39th update of Circular no. 285/2015 "Supervisory provisions for banks" (12.07.2022)

The changes envisaged in this update:

- implement the changes envisaged by Article 21-bis of Directive (EU) 2013/36 (CRD), as amended by Directive (EU) 2019/878 (CRD5), which introduced a regime for the authorisation of financial holding companies or mixed financial holding companies at the top of a European banking group (the so-called "EU parent") or the national component of a group (known as "parent in a Member State"). In particular, they implement the provisions of the Consolidated Banking Act (TUB) on banking groups and the register of banking groups;

- regulate the procedure for the authorisation and exemption from the assumption of the role of Parent Bank of a banking group of the financial holding companies or mixed financial holding companies as indicated in Article 60, paragraph 2, letters b) and c) of the Consolidated Banking Act and ensure coordination with the other authorisation procedures envisaged by sector regulations. They also govern (referring to the regulations of the Parent Bank) the authorisation procedure for both financial holding companies and mixed financial holding companies other than the Parent Bank (Article 69.1 of the Consolidated Banking Act) and those at the top of foreign groups (Article 69.2 of the Consolidated Banking Act) (see Chapter 2, Section VII);
- regulate the procedure for the authorisation and exemption from the assumption of the role of Parent Bank of a banking group of the financial holding companies or mixed financial holding companies and ensure coordination with the other authorisation procedures envisaged by sector regulations. They also govern (referring to the regulations of the Parent Bank) the authorisation procedure for both financial holding companies and mixed financial holding companies other than the Parent Bank (Article 69.1 of the Consolidated Banking Act) and those at the top of foreign groups (Article 69.2 of the Consolidated Banking Act) (see Chapter 2, Section VII) ;
- for the first time in prudential regulation, a clear differentiation is introduced between components of Pillar II capital demand estimated from an ordinary perspective (Pillar II requirement - P2R) and those determined from a stressed perspective (Pillar 2 Guidance - P2G). It was also possible to request additional capital in the presence of a risk of excessive financial leverage, under ordinary and stressed conditions (Pillar 2 Requirement Leverage Ratio - P2R-LR and Pillar 2 Guidance Leverage Ratio - P2G-LR).

<u>40th update of Circular no. 285/2015 "Supervisory provisions for banks" (02.11.2022)</u>
The 40th update includes:
- the amendment of chapters 4 and 5 ("The information system" and "Business continuity") of Part I, Title IV, to implement the "Guidelines on ICT and security risk management" (EBA/GL/2019/04) issued by the EBA and on this occasion some interventions were carried out to reconcile and update the internal references to Section I of Chapter 3 "The internal control system". The amendments implement the content of the EBA Guidelines;
- among the main new elements, the new rules require banks to have a second-level control function for the management and control of ICT and security risks.

<u>41st update of Circular no. 285/2015 "Supervisory provisions for banks" (20.12.2022)</u>
In this update of the Circular, the following are amended:
- Chapter I, Part I, Title II, which contains the provisions on "Capital reserves";
- Chapter 13 of Part II, which contains the provisions on "Disclosure to the public".

The provisions of this update implement the EBA Guidelines:
- of 29 September 2022 (EBA/GL/2022/12), amending the guidelines on the specification and disclosure of systemic importance indicators (EBA/GL/2020/14);
- of 12 October 2022 (EBA/GL/2022/13), amending the guidelines on disclosure requirements on non-performing and forborne exposures (EBA/GL/2018/10).

The content of the new Guidelines - in the case under i) are limited to specifying the content of already existing disclosure obligations with a very limited impact on the institutions concerned and, in the one under ii), they do not introduce changes in the disclosure obligations already envisaged for the recipients of the same.

2.3 The national economic context

The growth of the Italian economy slowed to 3.7% in 2022, from 7.0% in 2021 when the best pace of expansion was recorded since 1976. At the end of 2022, GDP is 1.9 percentage points above the pre-pandemic level of the end of 2019, but still a good

3.4% below the all-time high reached in the first three months of 2008. Private consumption increased by 4.6% (from +4.7% in 2021) and gross fixed investments even by 9.4% (from +18.6%), against however a stagnation in public spending (+1.5%). A negative contribution to growth came from both foreign trade (-0.5% from +0.2%), reflecting the higher dynamics of imports (+11.8% from +15.2%) compared to exports (+9.4% from +14.0%), and the change in stocks (-0.4% from +0.4%). Value added, on the other hand, recorded increases of 10.2% in construction and 4.8% in service activities, but decreases of 1.8% in agriculture and 0.1% in industry in the strict sense. The change acquired for 2023 (i.e. the average growth that would occur in the event of stagnation of the economy in each of the four quarters of 2023), is equal to +0.4%. According to the latest government projections contained in the Update of the DEF (Economic and Financial Document) of 4 November 2022, the Italian economy should expand by 0.6% in 2023 and 1.9% in 2024. Government estimates are more optimistic overall than those of both the IMF and the European Commission. In fact, based on the latest IMF projections at the end of January, Italy will grow by 0.6% in 2023, in line with the government's indications, but only by 0.9% in 2024. On the other hand, the European Commission forecasts for November indicate growth of just 0.3% in 2023 and 1.1% in 2024.
Positive signals came from the labour market in 2022. The unemployment rate fell for most of the year, reaching 7.8% in December, the lowest since April 2020. Compared to the end of 2021, the unemployment rate has therefore decreased by one percentage point. The number of employees rose during the year by 334 thousand to 23.215 million (+1.5%). This is a maximum since June 2019 and the second highest value in the time series. The increase involved men (+296 thousand units), women (+38 thousand units) and all age groups, with the exception of 35-49 year-olds due to the negative demographic trend. The increase in employment mainly concerned permanent employees, who grew by as many as 270 thousand units. Nonetheless, self-employed workers also increased, albeit to a much more limited extent (+95 thousand units), despite a decline in the permanent employees (-30 thousand units). The number of job seekers, on the other hand, fell by 242 thousand to 1.960 million (-11.0%), while the inactive among 15 to 64 years decreased by as much as 225 thousand units to 12.763 million (-1.7%). This is the lowest level since April 2020 and the time series, respectively.
Consumer prices rose by an average of 8.1% in 2022, after only a 1.9% increase in 2021. This is the most pronounced increase since 1985 (9.2%). This trend largely reflects the trend in energy and food prices, which rose by 50.9% and 8.8%, respectively. Net of the food and energy component, consumer prices instead rose by "only" 3.8% (+0.8% in 2021). The acquired inflation, or carryover, for 2023 (i.e. the average growth that would occur in the year if prices remained stable throughout 2023), is already equal to +5.1%.

2.4 The economic context in Northern Italy and Alto Adige

The economic context is outlined below, starting with the Bank's home territory and main market, i.e. Alto Adige, continuing with the other most important areas, in which the Bank is mainly present, Trentino and Veneto, ending with the context in Friuli-Venezia Giulia, where the subsidiary CiviBank is present.

Alto Adige
In Alto Adige, economic activity remained at high levels also in 2022, but about one in four companies complained of unsatisfactory profitability due to the increase in costs. From the end-of-year economic barometer of the IRE (Economic Research Institute of the Chamber of Commerce of Bolzano), it emerges that the gross domestic product (GDP), according to IRE estimates in 2022 recorded a growth of 3.8%, after an increase of 5.8% in the previous year.
2022 was the year of real recovery for the Alto Adige tourism sector. This is thanks to the regular performance of the ski season, but also to the very positive performance of the summer season: between May and October, attendance was around 22.7 million, exceeding the previous "pre-pandemic" record of 2019 by 7.4%. The increase

involved all categories of guests, in particular Italian customers (11.5%). The increase in the number of German guests was 5.9%, while the number of overnight stays by tourists from other foreign countries recorded an increase of +4.8%.
Foreign trade remains an important driving force for the Alto Adige economy. In fact, goods were exported from Alto Adige for a total value of over Euro 1.7 billion (+23.2% compared to the same period in 2021). Analysing the data by country, there is a particularly significant increase in exports to France (+79.8%), the United Kingdom (+58.0%), the United States (+55.0%), the Netherlands (+38.3%), Spain (+28.0%) and Austria (+24.0%). The increase also concerned Germany, the main trading partner of Alto Adige (+11.0%). On the other hand, the most intense decrease concerned exports to China (-23.5%).
In the retail sector, on the other hand, the climate of confidence is particularly modest: one third of merchants assess profitability in 2022 as negative. This is mainly due to the sharp increase in the procurement costs of goods and energy. The situation in the wholesale trade appears to be better, where profitability in 2022 is considered satisfactory.
Despite the procurement difficulties and the significant increase in energy and materials prices, profitability assessments remain positive also in the manufacturing sector.
The climate of confidence in Alto Adige manufacturing still benefits from a high volume of activity and the positive trend in turnover on all markets. This is due to the high volume of activities, as demonstrated by both the degree of exploitation of production capacity, close to 90%, and the increase in employment.
The recovery of the real estate market in recent years and the substantial tax incentives have allowed the construction sector to maintain a high level of activity also in 2022. Nevertheless, in the last months of 2022, several signs of a cooling of the economic situation also emerged in this sector: companies report a sharp increase in the price of materials and the slowdown in orders from private individuals and public operators.
The number of employees in Alto Adige averaged around 267,300, while 4,500 people were looking for work. Compared to the same period of the previous year, the number of employees increased (+3.2%), while the number of job seekers decreased significantly (-49.0%). The unemployment rate fell to 1.7%, a decrease of 1.6 percentage points compared to the previous year (3.9%).

Trentino
With regard to the economic situation in Trentino, the GDP in 2022 is expected to grow by 3.0% after an increase of 6.9% in the previous year. The economic survey, carried out by the Trento Chamber of Commerce, highlights a significant slowdown in the economy compared to the previous year. The year-on-year changes in turnover are still positive for almost all economic sectors (+8.8%), but overall growth has halved compared to the previous period. The construction (+10.7%) and manufacturing (+10.6%) sectors lead the way, followed by wholesale trade (+10.0%), while growth in retail trade is more contained (+6.1%).
In 2022, exports recorded an annual growth of +10.0%. For the provincial territory, Germany represents the market towards which goods for a value of up to Euro 209 million, equal to 16.5% of sales made on international markets. The United States is far behind with around Euro 161 million (equal to 12.7% of total exports). The opinions of entrepreneurs on the profitability and economic situation of the company still remain positive with regard to 2022, while the opinions in the future show a marked deterioration.
After a difficult start to the year due to the effects of the health emergency and geopolitical tensions in Europe, Trentino tourism shows an excellent recovery starting from May, with values in sharp growth for all the following months, excluding the slight decrease in August, as indicated by the data of the Statistical Office of the Province of Trento (ISPAT). Tourist presences in the summer of 2022 exceeded the threshold of 10 million for the first time and represent the best result of the 2000s. Italian presences grew by 5.1%. Foreign overnight stays also increased by 2.8%; the main flows come from German, Dutch, Austrian, British and Czech tourists.
On the employment front, there is an increase in the number of employed people, which is associated with a decrease in the number of unemployed and inactive people

of working age, as indicated by the data of the Statistical Office of the Province of Trento (ISPAT). The number of employees is close to 250 thousand, up by 1.1% on an annual basis. The unemployment rate stood at 3.5%, down by 0.5 percentage points compared to the same period of the previous year.

Veneto

In Veneto, the growth of regional economic activity continued in all sectors. GDP growth of 3.8% is expected for 2022 after an increase of 5.9% in the previous year, as evidenced by the latest socio-economic Bulletin of the Veneto Region. The recovery attenuated during the year, affected by the high uncertainty caused by geopolitical tensions and the sharp increases in the prices of raw materials, especially energy.

In the manufacturing industry, there was an expansionary phase, albeit with a gradual slowdown during the year. According to the Unioncamere del Veneto survey, on average for the first three quarters of 2022, production increased by 6.1% compared to the same period of the previous year. However, the price increases of energy raw materials, under way since 2021 but exacerbated by the outbreak of the war in Ukraine, are being transferred to the production costs of industrial companies. Moreover, for almost 40% of industrial companies, gas is an indispensable input in the production process.

In the first half of 2022, regional exports continued to grow, up by 19.3% compared to the first half of 2021. Growth was more intense in the EU-27 than in non-EU markets. Among the latter, the trend in sales was particularly high in the United States, also thanks to the appreciation of the dollar, which favoured the price competitiveness of regional products and made it possible to absorb the increases practised by exporting companies.

The construction sector continued to grow significantly. According to the joint survey by Unioncamere del Veneto and Edilcassa Veneto, turnover and orders increased on average in the first two quarters by 2.7 and 2.4% respectively, compared to the same period in 2021. The growth of the activity is also related to the incentives for the redevelopment of the building stock.

With the removal of restrictions on the mobility of people and the improvement of the pandemic situation, the recovery in tourist flows strengthened during 2022, also extending more fully to cities of art and spa towns. In the summer months, presences returned to levels close to pre-pandemic levels. According to ISTAT-Veneto Region data, in the first seven months of the year the attendance in Veneto accommodation facilities increased by 68% compared to the same period of 2021. The presences of Italian tourists returned almost to pre-pandemic levels, while those of foreigners (albeit in strong recovery) were still lower by just over 10%. As in 2021, the greatest contributions to the growth in foreign visitors came from German-speaking tourists.

In 2022, employment in Veneto grew, reaching levels close to pre-COVID levels. According to data from the Istat Labour Force Survey (RFL), in the first half of 2022 the number of employees grew by 4.4% compared to the corresponding period. The unemployment rate fell to 4.6%, the lowest value in the last 5 years.

Friuli-Venezia Giulia

In 2022, economic growth continued in Friuli-Venezia Giulia (FVG). The economy should show GDP growth in 2022 of 3.2%, after the intense growth of 2021 (+7%), as indicated by data from the Friuli-Venezia Giulia Autonomous Region Observatory. The importance of exports is worth noting: the value of exports is equal to Euro 5.6 billion, with an annual growth of 9.6%. The value of exports per capita is the highest in absolute terms among the Italian regions.

As regards the individual economic sectors, starting with manufacturing, the results of the quarterly survey of Confindustria FVG for 2022 show an initial slight contraction in industrial production (-1.6% in the first quarter compared to the last of 2021), however this was exceeded in the second quarter with a +1.9% cyclical, a positive figure considering the ongoing conflict between Russia and Ukraine, traditional client countries of the regional industry, and its effects on the markets. The forecast data for the second part of 2022 show the positive trend of industrial production, despite the ongoing conflict.

Activity in industry was affected, more than in other sectors, by production input supply problems and energy price increases. In the first half of the year, domestic and foreign demand for regional companies remained strong and was also met by using inventories. The value of exports rose by almost a third, largely due to the sharp increase in prices. The autumn survey of the Bank of Italy, referring to the first three quarters of the year, confirms the slowdown in activity; the short-term expectations of companies are oriented towards the stability of hours worked and turnover. The expansionary programs of nominal investment spending in 2022, formulated by the industrial companies at the end of the previous year, were mostly respected; however, the plans for 2023 appear rather cautious due to the high uncertainty.
In the first part of the year, the robust growth in construction continued, supported by tax incentives (in particular the Superbonus) and by the intensification of exchanges on the property market. In services, the results were very positive both for transport and for the tourism-related sectors, which benefited from the full recovery in attendance compared to the year before the pandemic. Despite the significant increase in production costs, the 2022 operating results would still be positive for most operators. Industrial companies, most exposed to price increases, were able to transfer them to the prices of final products more easily than those of services. At the same time, several companies have renegotiated supplies and improved energy efficiency, also resorting to self-production. The stability of profitability allowed the maintenance of still ample cash and cash equivalents. In 2022, bank lending to businesses accelerated compared to the end of 2021, driven by investment and working capital requirements, also due to inflation.
In tourism, provisional data for 2022 confirm the recovery of the sector. Between January and September 2022, tourists grew by +33.9% compared to the same period of the previous year and overnight stays increased by 26.3%. Capital cities were particularly popular: +50.5% in arrivals and +48.0% in attendance. In terms of origin, foreign tourists have grown more than Italian tourists.
Trade in FVG, on the other hand, shows a substantial reduction in points of sale, in line with what is happening at national level, confirming the continuous process of concentration that is affecting the sector in response to changes in household spending habits and the progressive diversification of sales channels, with an increase in trade outside the classic sales circuits, in particular via the Internet.
Labour market conditions continued the improving trend started in the second half of 2021. In the first half of 2022, employment thus exceeded pre-pandemic levels and labour market participation increased. The balance between hires and terminations of employment relationships in the first eight months of 2022 was largely positive, although lower than that of the corresponding period of the previous year. All sectors contributed to the balance and to a greater extent, tourism. The number of employees stood at over 523 thousand, with an increase compared to the same period of the previous year of over 16 thousand units (+3%). The increase in employment is parallel to a decrease in unemployment (approximately 27 thousand) reduced by approximately 3 thousand units (-10.6%). The unemployment rate is still decreasing and is equal to 4.6%.
Household consumption is still growing in 2022 in real terms, but slowing down due to sharp increases in food and energy prices and the worsening of consumer confidence. In the first part of 2022, loans to households continued to grow at a stable and sustained pace, especially in the component referring to mortgages for home purchases. In June 2022, loans to the non-financial private sector accelerated, particularly those to businesses. Credit quality remained almost unchanged. Bank deposits of households and businesses slowed down quite markedly.

2.5 The financial context

Interest rates and bond markets

During 2022, the main central banks started or continued the process of normalising monetary policy. In light of growing evidence of the non-transitory nature of high inflation, the Federal Open Market Committee (FOMC), the Federal Reserve's monetary policy committee, has accelerated the "tapering" (the gradual reduction of the monthly volume of net purchases of securities), putting an end to net purchases of

government securities and mortgage-backed securities at the beginning of March. Therefore, the conditions were created for a pivot in interest rates. In fact, at the meeting of 16 March, the fed funds rate was raised by 25 basis points (1 basis point = 0.01%), bringing it into a range between 0.25% and 0.50%. The first rate hike since December 2018 was followed by increasingly aggressive tightening, of 50 basis points in May and 75 basis points in each of the meetings in June, July, September and November. Lastly, in December the cost of borrowing was again raised by 50 basis points, bringing it to a range between 4.25% and 4.5%, the highest since December 2007. During 2022, the rates therefore increased by a total of 425 basis points. Based on the estimates of the interest rate path by the individual FOMC members (the dot chart), the rate hike cycle could end during the first quarter and the cost of borrowing could be between 5.0% and 5.25%. However, to see a first rate cut we will most likely have to wait until 2024. As regards government bonds and mortgage-backed securities purchased in recent years as part of the quantitative easing (QE) program, the Fed has no longer renewed part of the maturing securities since June. At the moment, these are 95 billion dollars in securities per month, of which 60 billion in government securities and 35 billion in mortgage-backed securities.
The ECB, on the other hand, stopped net purchases of securities under the PEPP (Pandemic Emergency Purchase Programme) at the beginning of March, however, extending the period of reinvestment of the capital repaid on maturing securities by one year until the end of 2024. On the other hand, with regard to the APP (Asset Purchase Program), tapering was significantly accelerated. In fact, while at first the net purchases of securities should have returned to a monthly rate of Euro 20 billion only in October (after having brought them to 40 billion in the second quarter to offset the end of net purchases under the PEPP) and continue as long as necessary, in March the calendar was changed for the first time, providing for a return to the monthly rate of 20 billion already in June. However, in light of the further acceleration of inflationary pressures, in June the Governing Council of the ECB decided to put an end to net purchases of securities as early as 1 July, thus creating the conditions for an initial rate hike of 50 basis points at the following meeting on 21 July, when the cost of borrowing was therefore raised for the first time in 11 years. In an ad hoc meeting on 15 June, the Governing Council also committed to counteract the re-emergence of fragmentation risks, adopting flexibility in reinvesting the repaid capital on maturing securities of the PEPP portfolio in order to preserve the functioning of the mechanism of monetary policy transmission. In addition, the design of a new instrument to combat fragmentation (i.e. anti-spread), the so-called TPI (Transmission Protection Instrument), was announced, then approved by the Governing Council at the July meeting. In both September and October, rates were raised by 75 basis points, followed in December by a further tightening of 50 basis points, bringing the rate on deposits to 2% and that on the main refinancing operations, the so-called "refi rate", at 2.5%. These are the highest levels since the beginning of 2009.
The start of the process of normalization of monetary policy by the ECB (first the gradual elimination of net purchases of securities and then the pivot in rates) also reflected on the rates of the interbank market. In fact, after reaching an all-time low of -0.61% in mid-December 2021, the 3-month Euribor began to rise. The movement, which was rather gradual during the first half of the year, accelerated sharply with the turnaround in rates in July. In 2022, the 3-month Euribor rose by approximately 270 basis points at over 2.10%, updating the highs since the beginning of January 2009. This is the most pronounced increase in the time series, i.e. since 1999. As far as expectations for short-term interest rate developments are concerned, these rose sharply during 2022, but more pronounced for short maturities than for long time horizons. The forward curve of the 3-month Euribor, obtained from futures contracts, therefore reversed for maturities beyond September 2023, signalling a monetary easing. Based on the prices of futures at the end of 2022, the three-month Euribor should reach a peak of around 3.7% in September, but then fall to around 3.0% by the end of 2024/early 2025.
Despite the deterioration in growth prospects, the yields of government bonds of Eurozone countries, although showing strong fluctuations, increased significantly during 2022. However, the rise was more marked for short maturities than for long ones, leading to a reversal of the yield curve. The increase in yields reflected the surge in

inflation and the start of the process of normalisation of monetary policy by the ECB, initially consisting of the gradual elimination of net purchases of securities, which were then followed by aggressive rate increases in the second half of the year. The yield on the Bund, the 10-year German government bond, ended 2022 up by 275 basis points to 2.57%, on its highest level since August 2011. At the same time, the yield of the Schatz, the German 2-year bond, rose by 338 basis points to 2.76%, a level not reached since October 2010. The yield on the 2-year maturity therefore exceeds that on the 10-year maturity by 19 basis points.
Finally, as regards the performance of Italian government bonds, their yields also increased significantly during 2022, not escaping the bond performance in the Eurozone and in the United States, penalised for most of the year by negative surprises on the inflation front. These then fuelled expectations of increasingly aggressive rate hikes by both the ECB and the Fed, even at the cost of causing a recession. The yield on the ten-year BTP ended the year up by 354 basis points at 4.72%, after briefly reaching 4.93% in September, the highest level since June 2013. Unlike the government bonds of other Eurozone countries, the Italian secondary sector was more affected by the gradual elimination of net purchases of securities by the ECB, as well as the advance of the pivot in rates. In fact in June, coinciding with the announcement of the ECB that it intends to raise rates by 25 basis points already at the next meeting in July (the cost of money was then increased by 50 basis points), the yield on the ten-year BTP went close to 4.2%, while the spread (yield differential) with respect to the Bund jumped above 240 basis points, the highest since May 2020. The announcement by the Governing Council of the ECB, after an ad hoc meeting, to adopt flexibility in the policy of reinvesting the capital repaid on maturing PEPP securities and to establish a new instrument to counter fragmentation, the TPI, has however partially calmed tensions on Italian debt, also witnessed by the decisive, albeit temporary, narrowing of the spread, which returned to the 180 basis point area at the beginning of July, before reaching the highest level since April 2020 of over 250 basis points in September, in the aftermath of the outcome of the Italian political elections. At the end of 2022, the spread stood at 214 basis points, therefore showing an increase of 79 basis points compared to the end of 2021.
The surge in Italian government bond yields was reflected in a sharp drop in their prices, which fell by 17.2%, as measured by the Bloomberg Euro Aggregate Treasury Italy Index. The sovereign bonds of Eurozone countries performed even worse, with a drop of 18.5% (Bloomberg Euro Aggregate Treasury Index). By contrast, corporate bonds with investment grade ratings denominated in euros limited the decline to 13.6% (Bloomberg Euro Aggregate Corporate Bond Index), while corporate bonds with non-investment grade ratings denominated in euros (high yield bonds) lost only 10.6% (Bloomberg Euro High Yield Index) despite the worsening of growth prospects and the risk of an increase in default rates. Both for sovereign bonds of Eurozone countries and for corporate bonds, this is the second consecutive year of decline. The exceptional nature of 2022 is demonstrated by the fact that since the introduction of the euro, the government bonds of Eurozone countries had never fallen more than 3.5% (2021), while the maximum annual loss of corporate bonds amounted to 3.8% (2008). Lastly for global bonds, having left 16.2% in dollars, this is even the worst result since at least 1990, the beginning of the historical series (Bloomberg Global Aggregate Index).
Last year, the yield on corporate bonds rose by 375 basis points to 4.27%, while that of high yield bonds rose by 476 basis points to 7.81%. The spread with respect to Eurozone government bonds therefore widened by 72 basis points to 167 basis points and by 178 basis points to 490 basis points, respectively. The spread of corporate bonds at the end of 2022 was above the average value of the last 10 years, equal to around 120 basis points, unlike the yield spread of high-yield bonds, whose average value over the last 10 years was 383 base points.

Stock markets

During 2022, the upward trend of the main international indices came to a halt, after updating the historical or multi-year highs in the very first sessions of the year. Prices were penalised by a number of factors, including the surge in inflation and the acceleration of the monetary policy normalisation process, the sharp rise in bond yields, which was however, felt to a greater extent in the "growth" sectors (i.e. those with

higher growth potential but also with higher valuations) compared to "value" ones (characterised by lower valuations), the unjustified invasion of Ukraine by Russia, the energy crisis and deterioration of growth prospects, a direct consequence also of the aggressive rate hikes by the main central banks. In the last three months of 2022, thanks above all to a downsizing of rate hike expectations (primarily in the United States), the stock markets nonetheless recovered from the lows reached between the end of September and the beginning of October, limiting the losses of the year. In 2022, profits still exceeded consensus expectations. This applies to both European and US companies. From a context characterised by a substantial absence of investment alternatives to equities that had characterised the last few years, we moved to one in which there are already interesting alternatives in the bond field; therefore, from a world dominated by TINA ("there is no alternative") we moved to one in which TARA ("there are reasonable alternatives") reigns.
The MSCI World index, the barometer that measures the performance of the shares of the world's most important companies, fell in 2022 by 17.4% in local currency, but only by 14.4% in euro thanks to the simultaneous weakening of the single currency. This is the first decline after three consecutive years of increase. Worse still was Wall Street. In fact, the index that measures the performance of the shares of the 500 most important US companies left 19.4% in the field (-14.4% in euro), while European shares contained the decline to 12.9%. At the beginning of the year, both the S&P 500 and the STOXX Europe 600 had in any case updated their respective all-time highs. As regards the performance of the stock exchanges of emerging countries, they lost 17.9% in local currency (-17.5% in euro), mainly affected by the debacle of Eastern Europe (-75.5% in local currency) and the negative performance of Asia (-18.2% in local currency), while Latin America limited the loss to 4.4%. Finally, as regards Milan, the index of the 40 most important stocks in Piazza Affari ended the year down 13.3%, after having lost up to 27%. On the occasion of the unjustified aggression of Ukraine by Russia on 24 February 2022, there was a strong, albeit only temporary, increase in volatility in Europe. In fact, the VSTOXX, the index that measures the implied volatility of the EuroSTOXX 50 (an index that includes the shares of the 50 most important companies in the Eurozone), briefly moved close to 60, the highest level since March 2020. However, since April it has fluctuated between 20 and 35. The VIX (the index measuring the volatility of the S&P 500) on the other hand, fluctuated for most of the year in a range between about 20 and 35.

Forex

The euro weakened for most of 2022 against its main counterparties, as evidenced by the nominal effective exchange rate that measures its performance against the currencies of the 19 largest trading partners in the Eurozone, which in August fell to the lowest level since February 2017, but then recovered all the lost ground, closing the year even marginally up (+0.4%). In the first half of the year, the single currency was affected by a number of factors, including the climate of strong risk aversion also linked to the unjustified aggression of Ukraine by Russia, the energy crisis (and in particular the fears of a suspension of the Russian gas supply), the deterioration of growth prospects as well as the more prudent attitude of the ECB with respect to the Fed in terms of abandoning the ultra-accommodative monetary policy. The recovery of the Euro in the second half of the year, and in particular in the final months, was supported by the aggressive rate hikes also by the ECB, by less pessimism regarding the growth prospects of the Eurozone in the wake of the collapse in the gas price from the peaks reached in the summer of Euro 342 per megawatt hour (at the end of 2021, gas was quoted at Euro 70.3 per megawatt hour), as well as the hope of a slowdown in the rate hike in the United States. The euro ended the year at 1.0705 dollars (-5.8%), after falling to 0.9536 dollars in September, reaching its lowest level since June 2002. The greenback was also supported during the year by flight movements towards safe-haven assets, as well as by the more attractive yields offered by US Treasuries, which rose to 4.8% on the two-year maturity in November and to 4.34% on the ten-year maturity in October. However, the single currency also lost ground against the Swiss franc (-4.6% to 0.9901 francs), briefly falling to 0.9412 francs, the lowest since January 2015, or since the Swiss National Bank (SNB) abandoned the maximum exchange rate limit set at 1.2 francs. At the same time, the euro appreciated by 7.2% against the yen, updating its highest since December 2014 to 148.40 yen. The Japanese currency was affected above all by the confirmation of the ultra-accommodative monetary policy by the Bank of Japan (BoJ) and therefore seems to have lost, at least for the moment, its characteristic as a safe-haven asset (unlike the Swiss franc). The single currency then strengthened by 5.3% against the British pound (to 0.8853 pounds), leaping in September, on the occasion of the presentation of the mini-budget by the then Chancellor of the Exchequer (the Minister of Finance) Kwasi Kwarteng up to 0.9264 pounds, the highest level in two years. The replacement of Kwarteng with Jeremy Hunt and the appointment of Rishi Sunak as the new prime minister in place of the outgoing Liz Truss (who succeeded Boris Johnson only at the beginning of September) then brought some calm to the British financial markets, favouring a recovery of the pound sterling. Lastly, as regards the Chinese renminbi, the euro appreciated by 2.2% to 7.3855 renminbi.

2.6 The credit system

Dynamics of bank lending

In December 2022, loans to businesses and households increased by 2.1% compared to a year ago.
This emerges from estimates based on data published by the Bank of Italy on loans to businesses and households (calculated including securitised loans and net of changes in stocks not related to transactions, e.g. changes due to exchange rate fluctuations, value adjustments or reclassifications).
In November 2022, loans to businesses recorded an increase of 2.8% year-on-year. The increase was 3.8% for loans to households.

Interest rates on loans

In December 2022, as a result of the ECB rate hikes, interest rates on lending transactions moved as follows:

- the average rate on total loans was equal to 3.22% (2.96% in the previous month and 6.18% before the crisis, at the end of 2007);
- the average rate on new loans to businesses was equal to 3.44% (2.94% in the previous month; 5.48% at the end of 2007);
- the average rate on new home purchase transactions was 3.09% (3.06% in the previous month and 5.72% at the end of 2007).

Credit quality

Net bad loans (i.e. net of write-downs and provisions already made by banks with their own resources) in November 2022 amounted to Euro 16.3 billion, down slightly (around Euro 350 million) compared to the previous month (-2.1%) and approximately 1.3 billion lower than in November 2021.
Compared to the maximum level of net bad loans reached in November 2015 (88.8 billion), the fall was 72.6 billion.
The ratio of net bad loans to total loans was 0.92% in November 2022 compared to 1.02% in November 2021 (4.89% in November 2015).

Dynamics of customer funding

In Italy, in December 2022, the trend in total direct funding (deposits from resident customers and bonds) fell by -1.2% year-on-year. Deposits also fell in the same month, by Euro 24.1 billion compared to a year earlier (change of -1.3% year-on-year), while medium and long-term funding, i.e. through bonds, remained unchanged compared to a year earlier. The reduction in deposits is mainly attributable to companies (Euro -33.4 billion between July and November 2022) which had recorded an increase in deposits of over Euro 130 billion between December 2019 and July 2022, while indirect funding, i.e. investments in securities held with banks (both managed and held directly by customers) showed a much greater increase of approximately 82 billion between July and November 2022, of which 56.7 billion attributable to households, 7 to businesses and the remainder to other sectors (financial companies, insurance, public administration).

Interest rates on funding
In December 2022, the average interest rate on total bank funding from customers (sum of deposits, bonds and repurchase agreements in euro to households and non-financial companies) was 0.62% in Italy, (0.58% in the previous month) on account of:

- the rate applied on deposits (current accounts, savings deposits and certificates of deposit), 0.46% (0.42% in the previous month);
- the repo rate, which stood at 0.92% (1.67% in the previous month);
- the yield on outstanding bonds, 2.12% (2.07% in the previous month).

Margin between lending rate and funding rate
The spread between the average rate on loans and the average rate on funding to households and non-financial companies in Italy in December 2022 was 260 basis points (238 in the previous month), lower than the more than 300 basis points before the financial crisis (335 basis points at the end of 2007).

3 The group's position

For the Cassa di Risparmio di Bolzano Group, 2022 was a year marked primarily by the positive conclusion of the business combination which saw, starting from 6 June, the entry of Banca di Cividale S.p.A. into the group following the success of the takeover bid launched concerning all the ordinary shares of the Bank and all the warrants issued by the latter.
The transaction allowed Sparkasse to acquire control of Banca di Cividale (CiviBank) and therefore, already with reference to 30 June 2022, Cassa di Risparmio di Bolzano, Parent Bank of the banking group of the same name, proceeded with the drafting of the condensed consolidated interim financial statements, including the effects of the merger, as envisaged and permitted by IAS 34 "Interim Financial Reporting". The reference date of the transaction, given the short period of time that has elapsed with respect to that of conclusion of the takeover bid, was identified as 30 June 2022.
During the second half of 2022, the activities aimed at integrating the subsidiary bank into the banking group were actually launched. The second part of 2022 therefore saw the two banks focused on the progress of the projects relating to the integration process, with the preparation of the first combined budget for 2023, a preliminary document, inter alia, for the preparation of the new Group Strategic Plan.

The consolidated result also benefited from the recognition of badwill, as an economic effect of the business combination. The Group's result includes the economic result of the subsidiary CiviBank, however, exclusively with reference to the second part of the year, when the Bank became part of the Group.

With reference to the subsidiary CiviBank, it should be noted that the launch of the "Integration Programme" in the new banking Group entailed the need to undertake a process of progressive adjustment and alignment with the policies of the Parent Bank relating to value adjustments on impaired positions. The new policies are characterised by a more cautious approach in the valuation of non-performing loans and the application of these measures led to an increase in provisions for credit risk at 31 December 2022, to which was added a sale of a portfolio of over Euro 70 million of non-performing loans carried out through the POP NPLs 2022 transaction. These actions, which had a heavy impact on the result achieved in 2022 by CiviBank, are of particular importance, because they will make it possible to anticipate the achievement of the de-risking objectives set out in the 2022-2024 NPL Plan.
Likewise, taking into account the valuation of the property assets of the subsidiary CiviBank carried out in the consolidated financial statements at 30 June 2022 by the Parent Bank, the Bank of Friuli proceeded to recognise significant value adjustments at 31 December 2022, mainly with reference to the operating property assets.

From the point of view of the context in which the Group has operated, 2022 was characterised by a scenario of absolute uncertainty determined by the effects of the rise in the cost of raw materials, with particular concern for the disproportionate increases in the energy sector, the latter affected by the continuation of the Russian-Ukrainian conflict. Despite the persistence of uncertainty, 2022 ended for the Cassa di Risparmio di Bolzano Group with very positive results, also thanks to the exponential growth in interest rates in the second half of the year. The 2022 performance, which was decidedly higher than expectations and what was indicated in the budget document, is due to the good work of all the structures of the Parent Bank and the Group. The excellent return on the securities portfolio also contributed to the result, as well as the still positive interest received on existing loans with the ECB.

The excellent result achieved is reflected in the consolidated net profit, which reached Euro 175.4 million, which net of the "bar gain" effect of Euro 107.4 million, stood at Euro 68.0 million.

The focus on risk reduction is constant, with the indicator measuring the riskiness of the loan portfolio reaching a gross level of 3.6%, which net of allocations corresponds to a value of 1.9%; however, these ratios are not comparable with those of 2021 due to the change in the composition of the Group. The levels of coverage of non-performing loans stood at 47.4% at the end of 2022. This level in the consolidated configuration is penalised by the treatment of the CiviBank portfolio at fair value at the consolidation date, with the simultaneous reversal of the adjustment provisions. The coverage of the sum of the portfolios of the two banks, on the other hand, stood at a much higher value, equal to 58.1%.

In terms of solidity, the capital indicators, despite the worsening due to the combination transaction, remain at satisfactory levels with the CET1 ratio at 12.60% and the TC ratio at 14.20% (both indicators are represented in the IFRS 9 phased-in configuration).

Considering that the subsidiary CiviBank became part of the Cassa di Risparmio di Bolzano Group only as of 30 June 2022 (accounting date of the business combination), the comparison of the income statement data with those of the previous year is not significant.

Given the above, it is worth emphasising the excellent performance of the 2022 income statement, which is the result of a mix of factors that have allowed revenues to grow in the core segments, with the Net interest income standing at Euro 266.4 million and the Income from services, which reached the record figure of Euro 114.9 million, a slight further increase compared to the previous year for both banks. On the other hand, the Financial Margin decreased drastically, following the elimination of the extraordinary components of the Parent Bank in 2021 relating to the capital gains realised on some tranches of government securities sold and the recognition of write-backs on some impaired positions subject to sale. The contribution to this item by CiviBank is also negative due to the recognition in December 2022 of losses following the sale of a loan portfolio carried out as part of the securitisation transaction.

The cost of credit risk amounts to a total of Euro 43.1 million with reference to the cash loans component, while for the endorsement loans component, the again negative value came to Euro 3.4 million. The figure relating to the cost of credit risk is affected by the significant adjustments recognised by the subsidiary CiviBank as a result of the start of the process of alignment with the Parent Bank's policies on credit risks.

Operating costs recorded a decrease of 15.7%, standing at Euro 139.4 million, primarily as a result of the recognition under other income of the badwill component for an amount of Euro 107.4 million. The operating costs of the subsidiary CiviBank in the second half of the year also contribute to determining the result. Some non-recurring components relating to personnel costs had a negative impact on the total, first and foremost the cost of early retirement scheme, in addition to costs linked to the business combination. As a result of the trend between costs and revenues, the Cost-Income-Ratio efficiency indicator, net of the value of the extraordinary components linked to the business combination, stood at 54.4%.

With regard to the evolution of assets under management, the total volume of gross loans at 31 December 2022, equal to Euro 10.212 billion, saw the aggregate increase compared to the previous year with reference to both banks (Cassa di Risparmio di Bolzano +1.5%, CiviBank +2.6%). New mortgage loans during the year amounted to

Euro 1,920 million, of which Euro 1,369 million in favour of businesses, and Euro 551 million in favour of households.

Direct funding represented by current accounts, deposits, lease payables and bonds reached Euro 12.273 billion (Cassa di Risparmio di Bolzano +8.3% compared to 2021, also considering the MTS repo transactions, and CiviBank stable). The growth, which has been constant in recent years, testifies to the confidence of customers in the Group. Assets under management can instead be considered one of the main parameters for an advisory bank and refers to the volumes of customer savings in investment funds. The change in assets under management, as the sum of the two banks, was slightly negative (-3.6%), following the decrease in the fair value, an effect largely offset by the significant positive evolution of net flows. The consolidation of the assets under management, achieved in a year characterised by a marked instability of the financial markets, confirms once again the increasing capacity of the Cassa di Risparmio di Bolzano Group to accompany its customers with competence in the specialised management activities of the savings.

The satisfactory overall results for the year 2022, obtained by the Group in the new configuration, are confirmation of the excellent work carried out during a year characterised by instability and the downturn in the financial markets. This testifies to how, first and foremost, the Parent Bank, but also the subsidiary CiviBank, have been able to consolidate a relationship of trust with their customers by offering them the opportunity to diversify their range of services with increasing success. The substantial stability of the asset management stock in 2022, despite the significant reduction in the value of market prices, underlines the ability of the new Group to maintain, even in a complex phase, a leading role in this specific market sector of high-added-value services.

Even following the entry of Banca di Cividale into the Group, the constant commitment to the containment of risks remains an absolute priority, as witnessed by the values of the ratios relating to non-performing loans as well as the level of their coverage.

3.1 Operating performance and consolidated income statement

Below is a brief comment on the performance of the main income statement aggregates, and the main changes with reference to the figure of the Parent Bank are shown, while with reference to the subsidiary CiviBank, which contributes to the result exclusively with the balances of the second half of the year, only the contribution values to the various aggregates are reported.

It should be noted that the 2022 consolidated income statement also incorporates the value of the "badwill", realised in relation to the business combination, adjusted for the amounts allocated following the PPA (purchase price allocation) process, i.e. the process of allocation of the purchase price for the assets and liabilities of the acquired entity, based on the fair value measurement of the assets acquired. During the second half of 2022, the effects of the partial reversals of PPA components were also recorded in the income statement.

The consolidated Net interest income amounted to Euro 266.4 million.

On the Parent Bank side, there was a significant increase in Net interest income compared to the figure at 31 December 2021 (total 2022 equal to Euro 203.3 million), thanks to the significant growth in the interest income component (+34.9%), the latter driven by the excellent coupon yield of the own securities portfolio and to a lesser extent by the contribution of the interest recognised on the ECB loans, TLTRO III transaction. The component from the release of the discounting on non-performing positions was down, as was the amount of interest expense relating to leases (IFRS 16). Overall interest expense recorded a decidedly more limited increase (+16.6%).

The subsidiary CiviBank contributed Euro 56.1 million to the result, with a PPA reversal amounting to Euro 6.4 million.

With regard to the Income from services, the annual total amounted to Euro 114.9 million.

There was a record result for both banks, with a further slight increase for the Parent Bank compared to the already excellent result of 2021 (Euro +0.1 million).

Details of the main deviations of the sub-items with respect to the Parent Bank's previous period are provided. In detail:

- Increase in Cofidis and CQ commissions, equal to Euro 0.5 million;
- Increase in commissions relating to corporate finance, with particular reference to Cassa di Risparmio di Bolzano 360 commissions: Euro +1.0 million;
- Increase in Bancassurance commissions: Euro +0.2 million;
- Increase in other commissions: Euro +0.9 million;
- Reduction in "ordinary" revenues on credit lines & guarantees: Euro -0.2 million;
- Reduction in commissions on current accounts: Euro -0.7 million;
- Reduction in commissions on indirect funding: Euro -0.1 million;
- Reduction in revenues of the collections segment mainly as a result of reversals of commissions recorded in 2021: Euro -1.5 million.

The contribution to the Income from services of the subsidiary CiviBank amounted to Euro 20.7 million.

The Group's Financial margin for 2022 amounts to Euro 3.1 million.

The Parent Bank's total amounted to Euro 8.9 million, while CiviBank contributed a negative result of Euro 19.8 million. An allocation of Euro 1 million refers to a value adjustment on a financial instrument accounted for by the subsidiary Sparim.

The drastic reduction in the Financial margin is attributable to the elimination of the extraordinary components of the Parent Bank in 2021 relating to the capital gains realised on some tranches of government securities sold and the recognition of write-backs on some impaired positions subject to sale.

Net value adjustments/write-backs for cash credit risk were negative for a total of Euro 43.1 million in 2022; with reference to the Parent Bank, the performance was even positive for Euro 6.3 million. At consolidation level, the value adjustments made in the second half of the year on the loan portfolio of CiviBank amounting to Euro 15.0 million have a significant impact, in addition to which is added to the reconstitution of the collective write-down on performing loans, for a total of Euro 34.2 million.

Consolidated "Administrative expenses" amounted to Euro 239.2 million. The portion pertaining to Cassa di Risparmio di Bolzano grew by 16.9%, from Euro 162.7 million in 2021 to Euro 190.1 million in 2022. The disaggregated figure of the Parent Bank shows an increase of 25.3% in personnel expenses (Euro +22.8 million); the performance of this item was negatively impacted by some non-recurring components recognised in 2022, first and foremost the cost of the early retirement scheme (Euro +12.2 million), the higher premiums allocated including the portion of the previous 2021 premium (Euro +4.0 million), as well as the one-off contribution for higher energy prices (Euro +1.5 million). "Other administrative expenses", again in relation to Cassa di Risparmio di Bolzano, increased slightly (Euro +4.6 million) due to the recognition of consultancy expenses relating to the business combination not envisaged in the budget. The higher contributions paid to the bank bailout funds (Euro +0.9 million) also contributed to the increase.

The "Administrative expenses" of CiviBank in the second half of the year amounted to Euro 44.4 million; the amount of expenses pertaining to the other Group companies is lower.

"Net provisions for risks and charges" amounted to Euro 8.9 million. Cassa di Risparmio di Bolzano contributed Euro 4.0 million, a sharp increase compared to 2021, a year in which the total amounted to Euro 316 thousand. Unlike the 2021 figure, which also benefited from write-backs for a total of Euro 1.9 million on commitments and guarantees issued, the total of the item for 2022 was affected by allocations and adjustments on commitments and guarantees issued for Euro 2.7 million. The total of the item pertaining to CiviBank amounts to Euro 2.4 million, while Sparim recognises provisions for Euro 2.5 million.

Items 210 and 220 "Net value adjustments/write-backs to property, plant and equipment/intangible assets" totalled Euro 16.3 million and Euro 5.1 million, respectively. The Parent Bank's share amounts to Euro 17.6 million and Euro 4.8 million. Both items were up for Cassa di Risparmio di Bolzano, by 7.2% and 34.7%, respectively, against the start of the amortisation period of significant investments in technology and software made in the previous and current years. In the second half of the year, the subsidiary CiviBank recognised adjustments to property, plant and equipment for Euro 14.2 million, including the partial write-down of the headquarters property, located in Cividale, for Euro 11.2 million, already adjusted by the Parent Bank at the acquisition date and therefore eliminated as part of the consolidated financial statements. Adjustments to intangible assets of the subsidiary bank amounted to Euro 24 thousand.

The item "Other operating income/expenses" in the consolidated financial statements amounted to Euro +13.8 million, to which the Parent Bank contributes Euro +11.5 million, an amount lower than Euro 14.7 million in 2021; this reduction (Euro 3.2 million) is generated almost exclusively by the collection in the previous year of Euro 3 million at the conclusion of the liability action that the Parent Bank had in place with the previous management and which was effectively closed in the final part of 2021. The contribution of CiviBank was negative for Euro 389 thousand. The differential, net of eliminations, is generated by the other Group companies, first and foremost by Sparim.

The "badwill" achieved following the acquisition, which net of the allocative effects of the valuations of the assets and liabilities acquired, amounted to Euro 107.4 million, contributes to the economic result for the year.

Lastly, the provision for taxes amounted to Euro 27.8 million; the Parent Bank recorded taxes of Euro 31.6 million, up by 8.7% compared to the value of 2021 (Euro 29.1 million) against the higher gross profit generated by the Bank. Against the higher tax loss realised in the second half of the year, CiviBank recorded positive taxes of Euro 6.0 million, including the tax effect on the reversal components of the PPA.

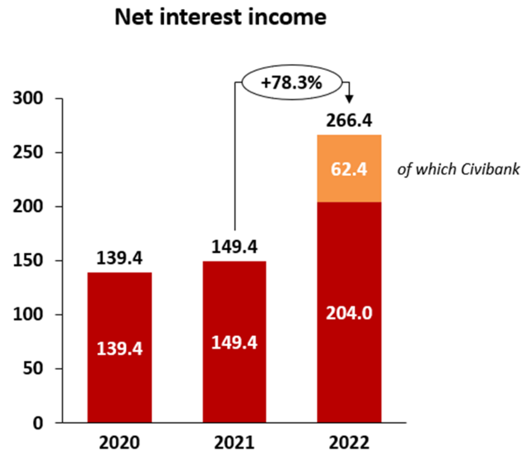
In conclusion, it is reiterated that the comparison of the 2022 consolidated income statement data with those of 2021 is not significant, due to the contribution to the Group's results by CiviBank, exclusively starting from the date of 30 June 2022.

The reclassified income statement figures compared with those of the previous year show the following situation:

	RECLASSIFIED CONSOLIDATED INCOME STATEMENT (in millions of euro)	31/12/2022	31/12/2021	Change	
				Absolute	%
30.	**Net interest income**	**266.4**	**149.4**	**117.0**	**78.4%**
10.	Interest income and similar revenues	294.0	164.3	129.7	78.9%
20.	Interest expense and similar charges	(27.6)	(14.9)	(12.6)	84.5%
	- of which interest expense on financial payables for leases (IFRS 16)	*(0.3)*	*(0.3)*	*0.0*	*-5.8%*
120.	**Financial margin**	**3.1**	**28.0**	**(24.9)**	**-89.0%**
70.	Dividends and similar income	3.2	0.8	2.3	276.7%
80.	Net profit (loss) from trading	4.9	1.5	3.4	225.4%
90.	Net profit (loss) from hedging	1.5	0.8	0.7	-
100.	Gains (losses) on disposal or repurchase of:	(0.3)	28.9	(29.2)	-101.1%
	a) financial assets measured at amortised cost	1.8	28.4	(26.6)	-93.7%
	b) financial assets measured at fair value through other comprehensive income	(2.1)	0.5	(2.6)	-528.9%
	c) financial liabilities	0.0	(0.0)	0.0	-450.0%
110.	Net income from other financial assets and liabilities measured at fair value through profit or loss	(6.2)	(4.1)	(2.1)	51.1%
	a) financial assets and liabilities designated at fair value	0.2	0.5	(0.3)	-62.4%
	b) other financial assets mandatorily measured at fair value	(6.4)	(4.6)	(1.8)	38.2%
60.	**Income from services**	**114.9**	**94.0**	**20.9**	**22.2%**
40.	Fee and commission income	123.0	97.7	25.4	26.0%
50.	Fee and commission expense	(8.1)	(3.7)	(4.5)	122.8%
150.	**Gross contribution margin**	**384.3**	**271.3**	**113.0**	**41.7%**
190.	Administrative expenses:	(239.2)	(167.1)	(72.1)	43.1%
	a) personnel expenses	(143.5)	(91.8)	(51.7)	56.3%
	b) other administrative expenses	(95.7)	(75.3)	(20.4)	27.1%
	- of which real estate payments (IFRS 16 Leases)	*(0.4)*	*(0.4)*	*(0.0)*	*2.1%*
210.+220.	Amortisation and depreciation	(21.5)	(15.9)	(5.6)	34.9%
	- of which depreciation on rights of use acquired through leases (IFRS 16)	*(4.1)*	*(3.9)*	*(0.2)*	*4.7%*
230.	Other operating income/expenses	13.8	17.6	(3.8)	-21.4%
235.	Negative goodwill (or badwill)	107.4	0.0	107.4	
	Net operating costs	**(139.4)**	**(165.4)**	**25.9**	**-15.7%**
	Gross operating result	**244.9**	**105.9**	**139.0**	**131.2%**
130.	Net value adjustments/write-backs for credit risk relating to:	(43.1)	(12.7)	(30.4)	240.1%
	a) financial assets measured at amortised cost	(42.9)	(12.6)	(30.3)	239.7%
	b) financial assets measured at fair value through other comprehensive income	(0.2)	(0.1)	(0.2)	325.5%
140.	Gains/losses from contractual amendments without cancellations	0.0	(0.1)	0.1	-164.8%
200.	Net allocations to provisions for risks and charges	(8.9)	(0.3)	(8.6)	2714.9%
	a) commitments and guarantees issued	(3.1)	2.0	(5.0)	-258.2%
	b) other net allocations	(5.8)	(2.3)	(3.5)	156.6%
	Net operating result	**192.9**	**92.9**	**100.0**	**107.7%**
250.	Gains (losses) on equity investments	0.8	0.4	0.4	116.9%
260.	Net result from fair value measurement of property, plant and equipment and intangible assets	4.7	(2.4)	7.2	-294.8%
280.	Gains (losses) from disposal of investments	2.8	2.4	0.3	13.0%
290.	**Gross profit / (Gross loss)**	**201.3**	**93.3**	108.0	115.7%
300.	Income taxes for the year on current operations	(27.8)	(20.3)	(7.5)	36.9%
320.	Profit (loss) from discontinued operations after tax	(1.3)	(0.4)	(0.9)	233.0%
340.	Profit (loss) for the year attributable to minority interests	3.2	0.0	3.2	-
350.	**Profit (loss) for the period**	**175.4**	**72.6**	**102.8**	**141.5%**

The changes in the various items are described in more detail below.

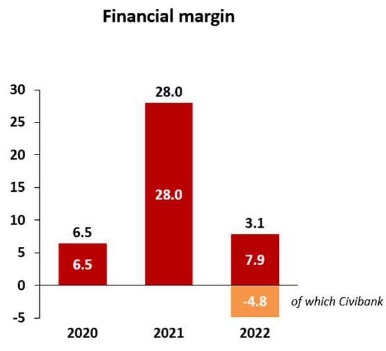
Net interest income



(CiviBank: includes PPA)

The Net interest income of the banking Group in its configuration prior to the acquisition of Banca di Cividale increased by 36.8% compared to the previous year (Euro +54.7 million) thanks to the significant growth in the interest income component (34.9%), the latter driven by the excellent coupon yield of the own securities portfolio and to a lesser extent by the contribution of the interest recognised on the ECB loans, TLTRO III transaction. The component from the release of the discounting on non-performing positions was down, as was the amount of interest expense relating to leases (IFRS 16). Overall interest expense recorded a decidedly more limited increase of 16.6% (Euro +2.6 million).
The contribution of the subsidiary CiviBank amounts to a total of Euro 62.4 million, including only the second half of the operations of CiviBank (Euro 56.0 million) and the adjustment components of the purchase price allocation and the related reversals for approximately Euro 6.4 million. Similarly to what was said for the Parent Bank, the net interest income of CiviBank was also positively affected by the excellent performance of inflation-linked debt securities and the interest recorded on TLTRO III transactions.

Financial margin



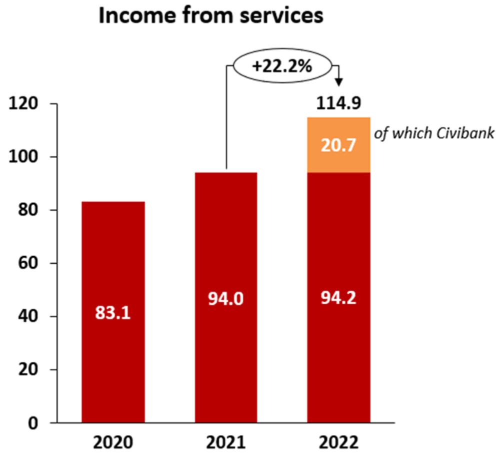
(CiviBank: includes PPA)

The banking Group's Financial margin in its configuration prior to the acquisition of Banca di Cividale decreased drastically by Euro 20.1 million, from Euro 28.0 million in 2021 to the current Euro 7.9 million, following the elimination of the extraordinary 2021 components relating to the capital gains realised on some tranches of government securities sold and the recognition of write-backs on some impaired positions subject to sale. At 31 December 2022, Euro 5.5 million in capital gains on the shares of Banca

di Cividale held before the takeover bid and revalued at the offer's exercise value were recognised.
The contribution of the subsidiary CiviBank weighed on the Group's financial margin for Euro -4.8 million, mainly attributable to the negative performance of some financial assets mandatorily measured at fair value, such as securities and property funds (Euro -5.1 million). The value of dividends collected in the second half of 2022 was positive for approximately Euro 1.1 million.

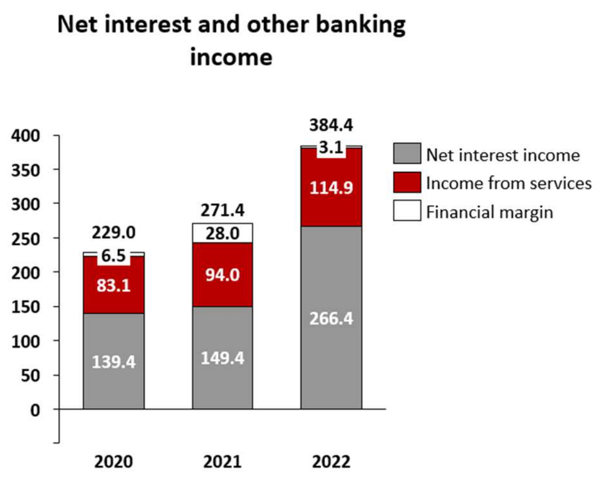
Income from services

The Income from services reached the highest value ever recorded, also in the structure of the banking Group prior to the acquisition of CiviBank, growing further compared to the excellent 2021 result and reaching Euro 94.2 million. Commission expense increased in absolute terms less than commission income.



The result confirms and demonstrates the ability of the Parent Bank to provide its customers with increasing professionalism in a relationship of increasing trust by successfully offering them specialist consultancy services, particularly in the assets under management and insurance sectors. Despite the negative impact of the performance of financial market prices, the asset management sector is one of the areas that contributes most to achieving the record result. Also of note, the new investment consultancy platform (Sparkasse 360) made an important contribution, contributing to the final result with Euro 2.8 million. Significant growth was also recorded for commissions on corporate finance services, which contributed a total of Euro 4.6 million.
The contribution of Euro 20.7 million generated by the operations of the subsidiary CiviBank in the second half of the year is added to the commission margin. The most profitable segments were insurance funding and commercial banking.

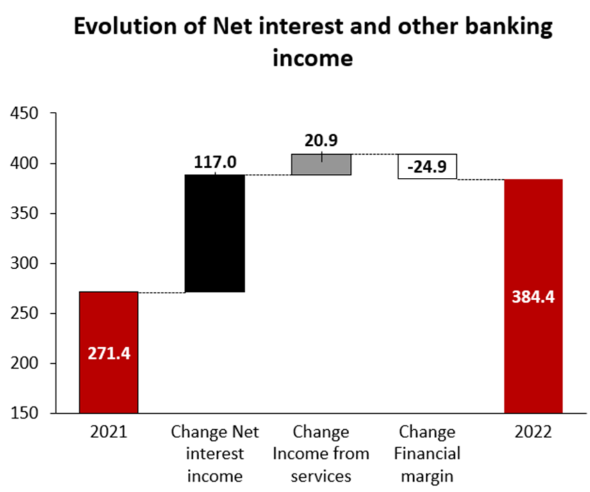
Net interest and other banking income



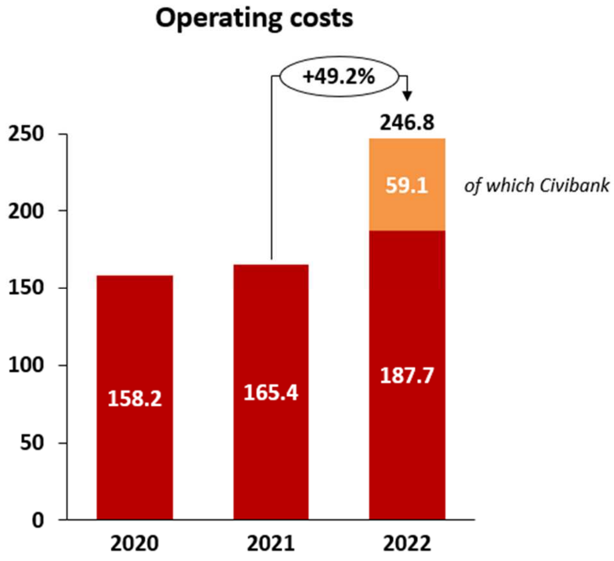
(CiviBank: includes PPA)

As a result of the above-described dynamics of the details that make up the net interest and other banking income, its overall value is represented in the graph above.

The breakdown of the change in net interest and other banking income is shown in the table below.



Net operating costs

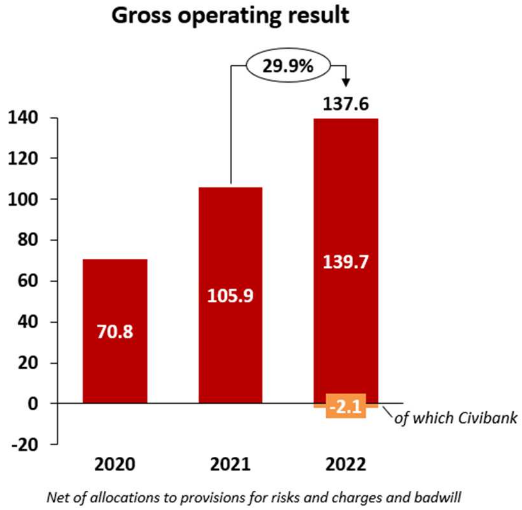


From the comparison with the previous year, the item "Administrative expenses" relating to the Parent Bank shows a figure referring to personnel costs up by Euro 22.8 million, mainly due to some non-recurring components accounted for in 2022, primarily the cost of the early retirement scheme, the higher premiums allocated including the portion of the previous 2021 premium, as well as the one-off contribution for higher energy prices. The figure for "Other administrative expenses" in turn shows an increase of Euro 4.6 million due to the recognition of consultancy expenses relating to the business combination. The higher contributions paid to the bank bailout funds also contribute to the increase.
"Net value adjustments/write-backs to property, plant and equipment/intangible assets", also in relation to Sparkasse, were on the rise, mainly due to the start of the amortisation period of significant investments in technology and software made in the previous and current years.
"Net allocations to provisions for risks and charges" increased compared to the year 2021. Unlike the 2021 figure, which also benefited from write-backs on commitments and guarantees issued, the total of the item for 2022 was affected by higher allocations and adjustments on commitments and guarantees issued.
The item "Other operating income/expenses" decreased compared to the result for 2021; this reduction was due solely to the payment in the previous year of an amount to settle the liability action that the Bank had with the previous management.

For the purposes of the overall quantification of Administrative expenses, the contribution of the subsidiary CiviBank, whose operating costs in the second half of 2022 amounted to Euro 61.4 million, is added. The early retirement scheme also affects CiviBank, which has allocated an amount of Euro 6.4 million. Other administrative expenses include consultancy related to the takeover bid for approximately Euro 2.1 million.

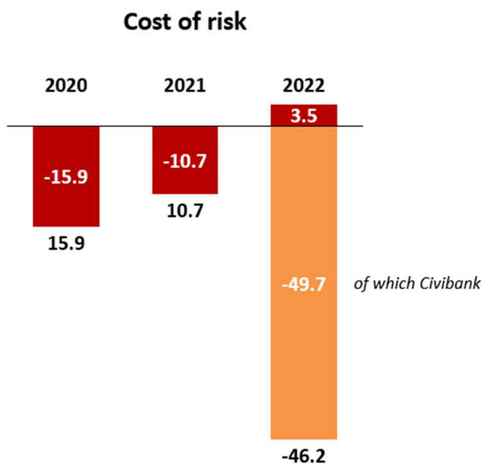
Gross operating result

The gross operating result for the year 2022 amounted to Euro 137.6 million (excluding the "badwill" recorded), where in the new structure of the Cassa di Risparmio di Bolzano Banking Group, the contribution of CiviBank was negative for Euro 2.1 million. The result achieved represents the sum of the performances achieved with reference to the various aggregate figures of the income statement, which are commented on above.



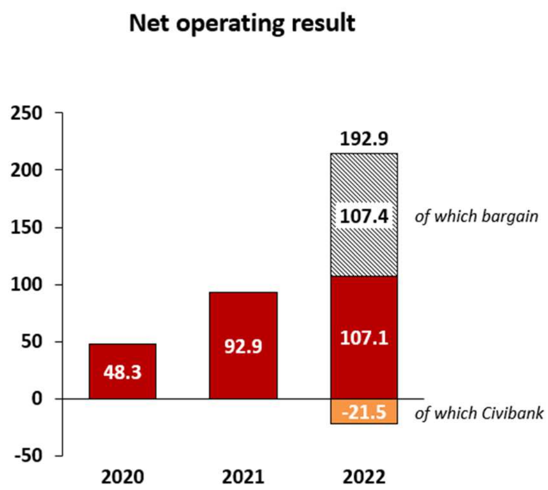
Cost of risk

The cost of risk of the new banking Group, including write-downs on endorsement loans, was significantly affected by the application of the policies on the coverage of non-performing loans of the Parent Bank by the subsidiary CiviBank, which led to the recognition of higher value adjustments. In the second half of the year, additional write-downs of approximately Euro 15.0 million were recognised, in addition to the effects of the reversal of the "PPA" quantifiable in Euro 23.4 million relating to the reconstitution of the collective write-down on the performing loan measured at fair value at the time of acquisition and aligned with the value of GBV, and the effects of the reclassifications from item 100.a) to item 130.a) of the income statement with respect to the statutory situation of the subsidiary CiviBank, for Euro 11.8 million, relating to value adjustments on non-performing loans sold in December 2022, already accounted for in the first half of the year.



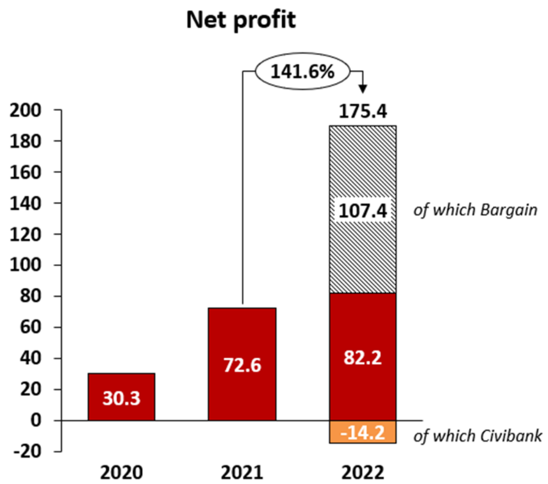
In light of the above, the indicator that measures the riskiness of the non-performing loan portfolio reached the gross level of 3.6%, which corresponds to a value of 1.9%, net of allocations. In 2021, the two indices stood at 3.9% and 1.3% respectively.

Net operating result



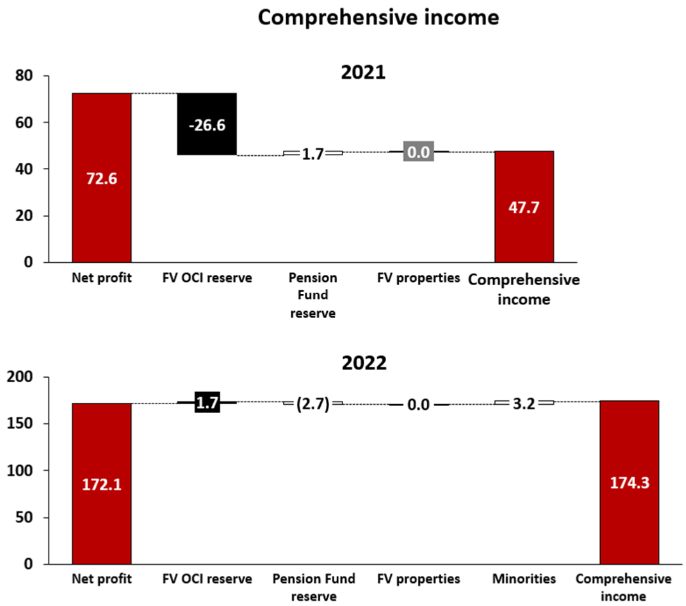
The net operating result, as the sum of the various aggregates examined above, recorded a positive value of Euro 192.9 million.

Net profit



The net profit for the year pertaining to the Parent Bank amounted to Euro +175.4 million with a profit/loss attributable to minority interests of Euro 3.2 million, entirely attributable to the minority interests of Banca di Cividale. As shown in the graph, the impact of the "bargain" on the overall net result amounts to Euro +107.4 million.

Comprehensive income



Comprehensive income at 31 December 2022 shows a positive result of Euro 174.3 million, an amount that includes, in addition to the net result for the period, also the positive changes in "Financial assets (other than equity securities) measured at fair value through other comprehensive income" (Euro -2.2 million), the result of "Equity securities designated at fair value through other comprehensive income" (Euro +3.8 million) and the adjustment of the actuarial reserve of the internal pension fund, with reference to the so-called "defined benefits" Sections, equal to Euro -2.8 million (negative).

All components are recognised net of the related tax effect.

3.2 Performance of balance sheet aggregates

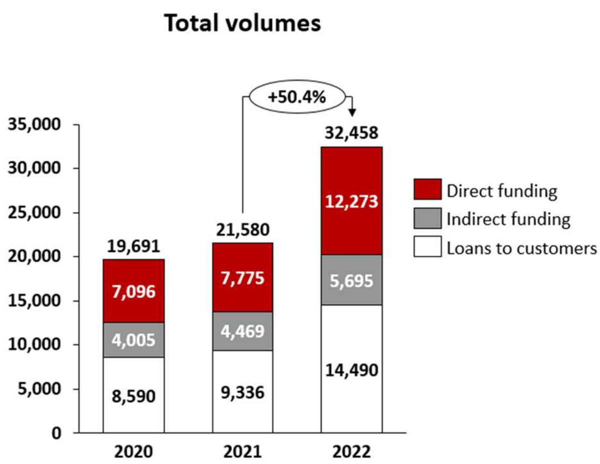
Total volumes and balance sheet assets

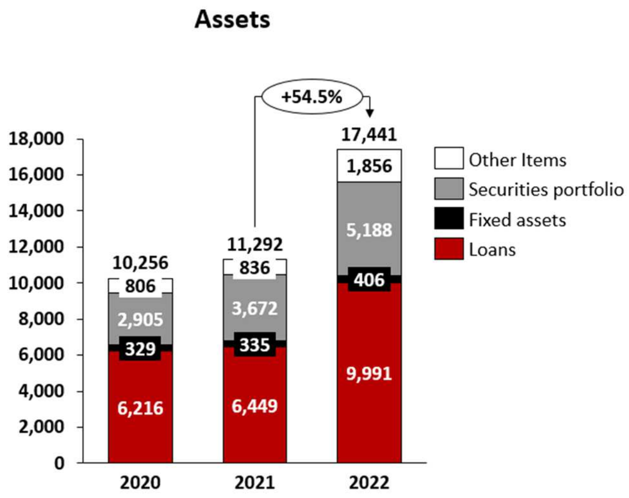
It should be noted that the comparison of the data relating to the 2022 balance sheet aggregates of the Cassa di Risparmio di Bolzano Group with those of the previous year is not significant, considering that the 2022 data also include the aggregates of the subsidiary CiviBank, which joined the Group following the business combination carried out in June 2022. The 2021 data instead show the totals of the Cassa di Risparmio di Bolzano Group in its previous configuration.

Therefore, in the comments reported at the bottom of the tables, the main changes are shown with separate indication of the two Group banks.

The Group's total volumes amounted to Euro 32.5 billion.

The total volumes of the Parent Bank, compared to the same figure of the previous year, recorded an increase of 5.6%. Loans to customers increased by Euro 599 million; direct funding increased by Euro 655 million which became 198 net of the classic Repo operations carried out by the Bank on the MTS platform; the Parent Bank had outstanding transactions for Euro 457 million at the end of 2022 while at the end of 2021 there were none. Direct funding benefits from the recognition in this item, starting from 2019, on the basis of the rules of accounting standard IFRS 16, of financial payables relating to rental/lease contracts. Indirect funding was stable, despite the negative impact of fair value, which particularly affected the asset management segment.
The total volumes of the subsidiary CiviBank are substantially in line with the previous year. Loans to customers increased by Euro 97 million (excluding the effects of the PPA); direct funding from customers decreased by Euro 65 million. Indirect funding increased by Euro 16 million compared to the comparison period.

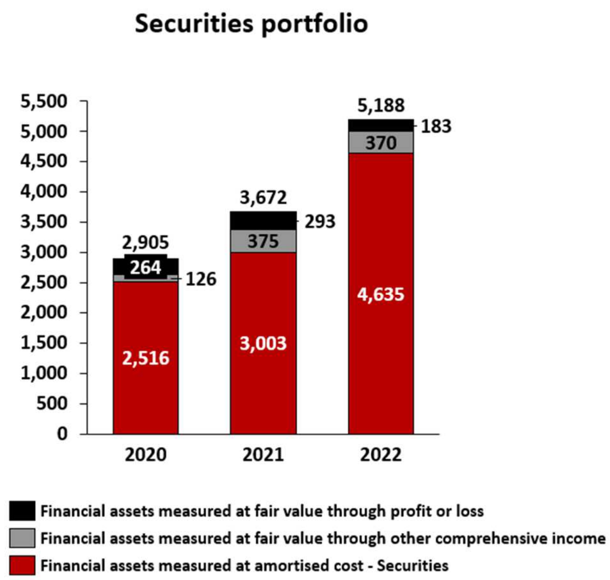




The Group's assets, which amount to Euro 17.4 billion, are presented as shown in the table below.
The Parent Bank's total assets in the separate financial statements amounted to Euro 12,298 million, an increase of 8.7% compared to the previous year.
Again with reference to the Parent Bank, the loan component amounted to approximately 53.8% of the total, the securities portfolio to 31.2%.
The total assets in the separate financial statements of the subsidiary CiviBank, with a view to the contribution to the consolidated financial statements, i.e. including the effects of the PPA, amount to Euro 5,587 million. The loan component amounted to approximately 60% of the total, the securities portfolio to 25%.
Total assets also include the aggregates of the other Group companies, including the property complex owned by Sparim.

The proprietary securities portfolio

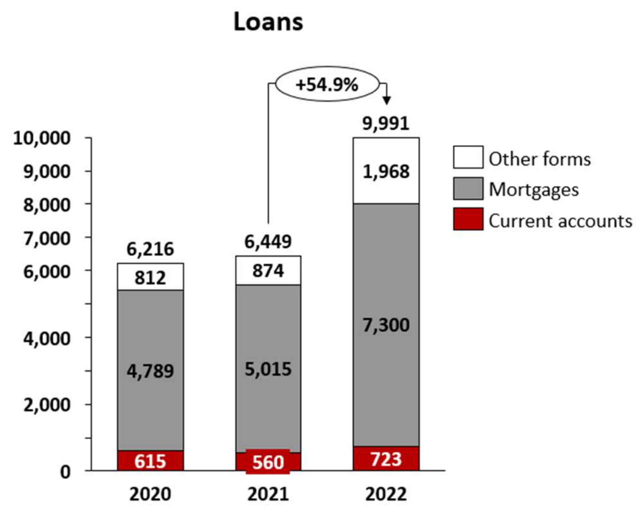
The size of the securities portfolio recorded an additional increase compared to the values in the previous year, exceeding the Euro five billion level.



As in previous years, also during 2022 the Parent Bank's liquidity reserves were invested mainly in short and medium-term Italian Government bonds, thus combining the need to hold financial instruments of high quality, liquidability and zero capital

absorption with the goal of adequate remuneration, in an environment of low/negative rates at the beginning of the year 2022 and rising sharply especially in the second half of the year. In light of the non-short/very short residual life at the time of purchase, a very large part of the bond portfolio is classified according to the "held to collect" business model.
The modified portfolio duration decreased slightly during the year.
Thanks to the widespread presence in the portfolio of variable rate bonds as well as inflation-linked bonds, the overall performance of the investments made was particularly positive and the year ended with a result beyond the most optimistic forecasts, difficult to repeat in 2023.
The size of the CiviBank securities portfolio recorded an important increase compared to the values in the previous year, amounting to Euro 1,353 million.
The upward phase in bond yields that characterised the second half of the year progressively increased the average return of the portfolio, which benefited from the higher coupons of securities indexed to monetary rates of Italian inflation (BTP Italia).
Also with reference to the subsidiary CiviBank, the capital allocation, in addition to respecting the Basel 3 criteria on liquidity reserves, was envisaged in line with the market risk profile defined by the Bank. The duration of the portfolio remained substantially stable, year on year. The overall performance of the investments made was significantly positive and exceeded the objectives identified for the year.

Loans

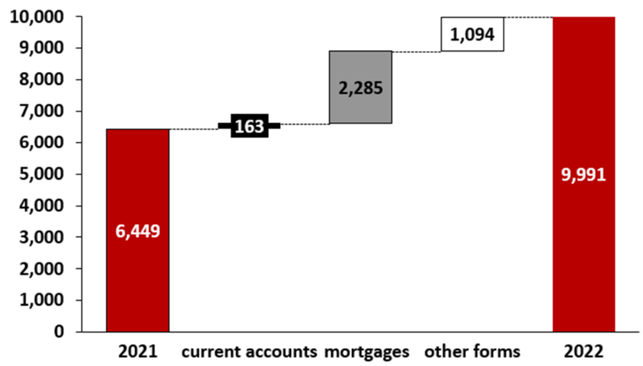


It should be noted at the outset that the amount of net loans to customers does not coincide with the figure for the financial statements item "Assets measured at amortised cost: loans to customers", also due to the presence in the item of the financial assets at amortised cost held by the two Banks, classified as debt securities, excluding those issued by banks.
Net loans to customers for loans measured at amortised cost amounted to Euro 9,991.2 million (gross loans to customers for loans at amortised cost of Euro 10,212.7 million, against which value adjustments of Euro 221.5 million were allocated). The increase in loans derives from the business combination with Civibank, which contributes Euro 3,368.7 million to the consolidated figure. The overall degree of coverage in December 2022 of loans to customers for loans measured at amortised cost was 2.2%. In particular, considering the classification envisaged by the international accounting standard IFRS 9 "Financial instruments", the coverage ratio of performing exposures, classified in the so-called "first stage" and "second stage" is 0.49%, while the coverage ratio of non-performing exposures, in the so-called "third stage", amounted to 47.5%.
Net loans to customers of Cassa di Risparmio di Bolzano amounted to Euro 6,621.8 million (gross loans of Euro 6,800.4 million, against which adjustments of Euro 178.6 million have been made), up by Euro 124 million compared to the previous year.

The increase in the stock of loans of the Parent Bank demonstrates the Bank's ability and willingness to be an important reference point in support of the development of the economy and of the demand for credit in the private sector. Cassa di Risparmio di Bolzano continues with determination its growth path in the disbursement of medium/long-term loans to businesses and households. New mortgage loans during the year amounted to Euro 1,267 million, of which Euro 970 million in favour of businesses, and Euro 297 million in favour of households.

The growth in the number of loans testifies to the ability and willingness of the subsidiary CiviBank as well to present itself as an important partner in support of the development of the economy and of the demand for credit of the local private sector. New mortgage loans during the year amounted to Euro 854 million, of which Euro 571 million in favour of businesses, and Euro 282 million in favour of households.

Evolution of loans by technical form



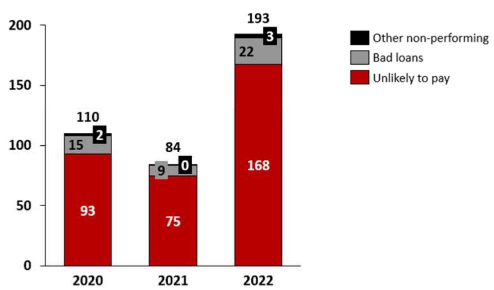
The performance of the various segments shows, with reference to the Parent Bank, a substantial stability of current accounts and mortgages, with a consistent increase in the segment of other technical forms (Euro +1,094 million, of which Euro 50 million relating to margins with CC&G). The figures include the reduction in the value of impaired positions, net of write-downs.
With reference to the degree of intermediation, or the ratio between loans to customers and customer funding, the index stands at 82.39% (2021 figure equal to 83.01%).

The growth in net loans of the subsidiary CiviBank mainly concerns the segment of other technical forms (Euro +114 million). There was a marginal decrease in stocks relating to mortgages (Euro -11 million) and loans and cash elasticities granted in the current account (Euro -6 million). The figures include the reduction in the value of impaired positions, net of write-downs.

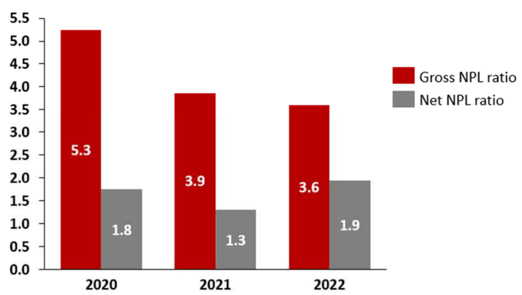
Non-performing loans

The Group's net non-performing loans amounted to Euro 192.6 million (gross non-performing loans equal to Euro 366.5 million against which adjustments of Euro 173.9 million were allocated) with the indicator measuring the riskiness of the loan portfolio (gross NPL ratio) that reached a gross level of 3.6%, which corresponds to a value of 1.9%, net of allocations (net NPL ratio). The risk indicators are calculated by factoring the non-performing loans of the subsidiary CiviBank at their consolidation value, i.e. starting from their fair value at the date of the business combination to which the adjustments/write-backs of the second half of 2022 are added. On the other hand, considering the risk ratios of the portfolio based on the sum of the portfolios of the two banks, the result at 31 December would be: NPL ratio 4.6%, net NPL ratio 2.0%.

Net non-performing loans

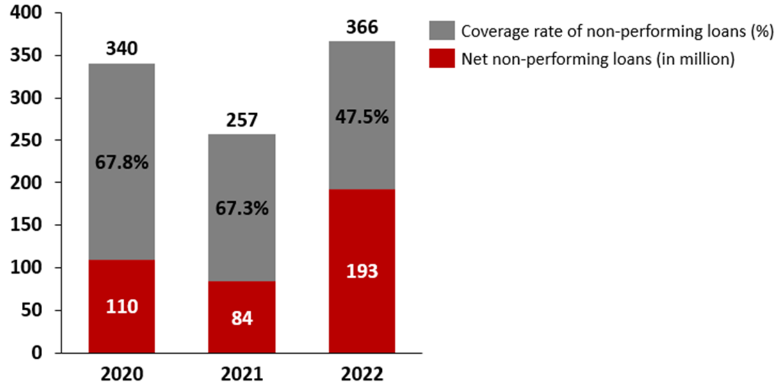


Gross and net NPL Ratio



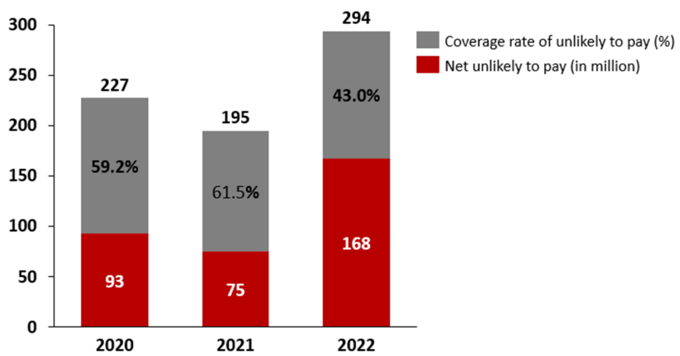
Thanks to its careful management, in 2022 the Parent Bank recorded a further decrease in the volumes of non-performing loans following the securitisation transaction, recoveries/extinctions and some disposals of individual positions. Reading the aggregate figure with the entry of CiviBank, of course the stock of non-performing loans increased, as shown in the graph below.

Coverage rate of non-performing loans

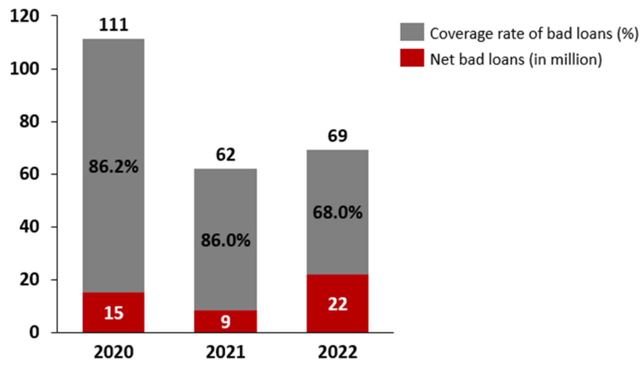


The levels of coverage of non-performing loans stood at 47.5% at the end of 2022. This level in the consolidated configuration is penalised by the treatment of the CiviBank portfolio at fair value at the consolidation date, with the simultaneous reversal of the adjustment provisions. The coverage of the sum of the portfolios of the two banks, on the other hand, stood at a much higher value, equal to 58.1%.

Coverage rate of unlikely to pay



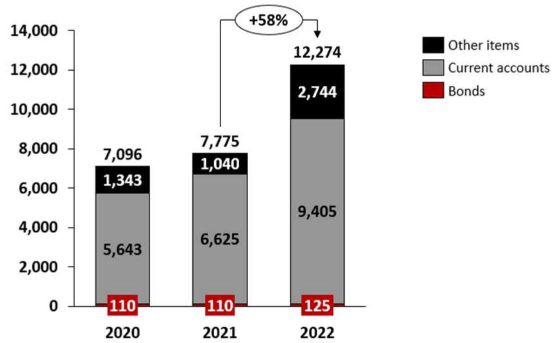
Coverage rate of bad loans



Direct funding

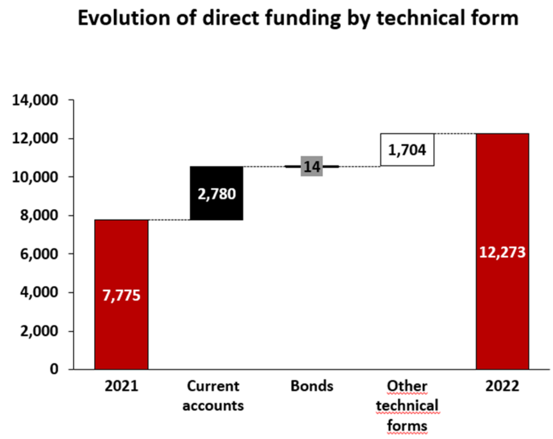
Total Group direct funding amounted to Euro 12.3 billion.

Direct funding



Direct funding of the Parent Bank recorded a considerable increase of Euro 655 million; this increase, net of the transactions carried out by the Bank in classic Repo on MTS, which at the end of 2022 amounted to Euro 457 million compared to 2021 when there were no such operations, fell to Euro 198 million (+2.5%). The trend in direct funding also confirmed the increasing trust that customers show towards the Bank in a context that places Cassa di Risparmio di Bolzano among the banks that have been able to better create a strong bond with customers.

Direct funding from customers of the subsidiary CiviBank, excluding from the aggregate the transactions carried out by the Bank in classic Repo on MTS, which at the end of 2022 amounted to Euro 579 million (Euro 534 million at the end of 2021), amounted to Euro 3,255 million, highlighting a decrease of 2.0% compared to the comparison period.

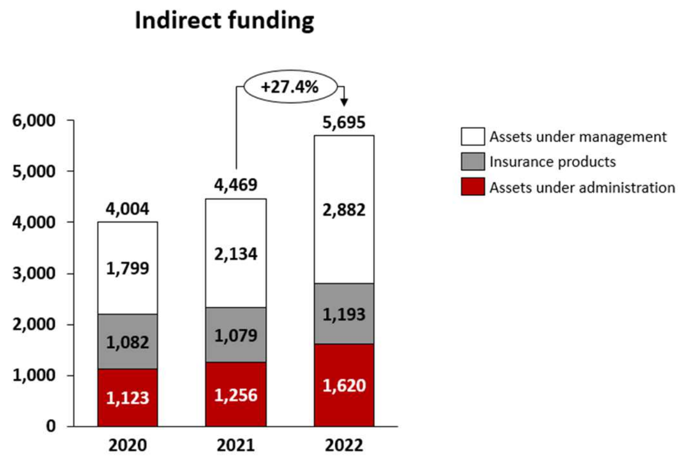


The largest share of the Parent Bank's total funding is attributable to due to customers for current account deposits in the amount of Euro 6,981 million, while bonds issued by the Bank contracted further to Euro 90 million after the maturity at the end of the loan of some issues; the other items amounted to Euro 1,437 million.
Among the "Other items", the most significant products are represented by term deposits (Euro 729 million).
In 2022, based on the rules of IFRS 16, financial payables relating to rental/lease agreements were also recognised for Euro 53.1 million.

The majority of the funding structure of CiviBank refers to amounts due to customers for current account deposits for Euro 2,443 million, while deposits at maturity amounted to Euro 439 million. The share of securities issued remained substantially stable at Euro 34 million. Among the "Other items", the most significant products are represented by third-party funds (Euro 324.6 million).
In 2022, based on the rules of IFRS 16, financial payables relating to rental/lease agreements were also recognised for Euro 11.2 million (12.2 in 2021).

Indirect funding

Group indirect funding amounted to Euro 5,695 million.



Indirect funding of Cassa di Risparmio di Bolzano amounted to Euro 4,434 million, substantially in line with the values of the previous year, a year in which a consistent growth was recorded (+11.6%) compared to the previous year.
The values of the individual segments also remained stable, with a slight decline in the insurance segment, offset by a slight increase in assets under management. The value of assets under management was negatively affected by the unfavourable market performance, especially in the first part of 2022.

The indirect funding segment of the subsidiary CiviBank (assets under management and assets under custody) amounted to Euro 1,261 million at the end of 2022, an increase of 1.3%.

An analysis of the components that make up the indirect funding of the subsidiary CiviBank shows the amount of assets under management amounting to Euro 1,002 million at 31 December 2022, down by 4.5% compared to the previous year. This aggregate, consisting of mutual funds and SICAVs, bank-insurance products and asset management in securities and funds, represented 79.4% of total indirect funding at the end of 2022.
The largest percentage increase is attributable to the component consisting of bank-insurance products, which grew by 5.4%, reaching Euro 201 million. With regard to mutual investment funds and SICAVs, as well as Asset Management, the aggregate reflects the difficult conditions on the markets in the year 2022, recording a decrease in stock of 6.3% and 7.5% respectively compared to the data at the end of 2021. In terms of net flows, growth of 5.2% was recorded.

Shareholders' equity

Due to both the positive effect of the 2022 result and the change in profit reserves, and with the entry into the Group of Banca di Cividale, consolidated shareholders' equity amounted to Euro 1,079.7 million.

In the same period, "Consolidated own funds" increased from Euro 891.5 million to Euro 1,113.2 million.

Against risk-weighted assets of Euro 7.8 billion, thanks to the optimisation of RWAs implemented by the Group to contain capital absorption, the capital ratios stood at:

- Common Equity Tier 1 ratio: 12.60%
- Tier 1 capital ratio: 13.27%
- Total capital ratio: 14.20%

Please note that, as a result of the option exercised for the application of the provided for transitional regime, the rules on regulatory phase-in are applied.

In this regard, reference should be made to the information provided above and to the detailed analysis in the section "Share capital and Liquidity" and in Part F of the Notes to the Financial Statements.

4 The governance system

4.1 Corporate governance report and the organisational and governance, management and control system

The legal and supervisory provisions, in particular on corporate governance, establish that the internal control system (*set of rules, functions, structures, resources, processes and procedures*) is a fundamental element of the overall system of governance of banks, which must guarantee, in particular, the achievement of strategic objectives and corporate policies, the containment of risks, the effectiveness and efficiency of business processes, the reliability and security of company information and IT procedures, compliance of transactions with the law and supervisory regulations, as well as with internal policies, regulations and procedures, in addition to the prevention of the risk of the bank being involved in any unlawful activities.
Taking into account the aforementioned objectives, the Bank, also in its capacity as Parent Bank of the "Cassa di Risparmio di Bolzano" Banking Group, has defined a corporate organisational model for the Group as a whole and for the individual components of the Group, aimed at enabling the continuous implementation of the applicable legal and supervisory provisions. The Bank has set up a system of internal controls and risk management aimed at identifying, measuring, managing and

monitoring the risks of the Bank and the Group on a continuous basis, which involves the Corporate Bodies, the company's internal control functions as well as the Supervisory Body pursuant to Legislative Decree no. 231/2001, whose functions have been assigned to the Board of Statutory Auditors; the company appointed to perform the statutory audit of the accounts also participates in the control system.

At consolidated level, in order to allow an effective internal control and risk management system, the Board of Statutory Auditors of the Parent Bank, in which it also performs the duties of Supervisory Body pursuant to Legislative Decree 231/2001, is also called upon to perform the same function in favour of Sparim S.p.A. and Sparkasse Haus. Likewise, the Board of Statutory Auditors of CiviBank also performs the function of Supervisory Body. On the contrary, Raetia SGR S.p.A. in liquidation has set up a special Supervisory Body. Also at Group level, the company appointed to audit the accounts contributes to the control system.

In this logic, the overall activities that the Group and its members are required to carry out to achieve their management objectives in compliance with legal and supervisory provisions and, therefore, with a view to sound and prudent management, are broken down into "areas", which group together sets of "processes".

Each process is divided into "phases" and each phase into "sub-phases" to be implemented for carrying out the phase itself. Therefore, for each sub-phase, the obligations to be respected (summary of the relevant provisions) and the main "actions" to be carried out for the actual application of the obligations are regulated. This makes it possible to identify, for each legal and supervisory provision in force or issued from time to time, the specific responsibilities applicable to the various organisational units of the Group and its components and to refer them to the relevant processes.

In this construction, the company organisational system is divided into three taxonomy levels:

- Level 0: divided into 4 Areas;
- Level 1: divided into 14 Sectors;
- Level 2: which includes 73 Processes;

and the Regulations of Management Bodies and Committees, the General Company Regulations, the Management and Coordination of the Parent Bank on Subsidiaries Policy as well as the Corporate Governance Project Group Regulation.

The corporate organisational system governs the processes that define the organisational model adopted, the role of the Corporate Bodies, the delegated powers structure, the management information flows and the role of the Bank's members, the operational/management and risk governance and management processes, as well as the control processes set forth in the supervisory provisions.
Therefore, the processes, which are also exercised for the control of risks related to financial reporting, have been regulated in the "Governance and Risk Management" Area, for the purpose of ensuring a concrete and correct performance of the corporate processes.
The "Management and Coordination Activities of the Parent Bank on Subsidiaries" Policy also governs the Group's controls, i.e. the criteria to be adopted and the activities to be carried out by Cassa di Risparmio di Bolzano in order to perform the controls required by the supervisory provisions on the internal control system as well as by the operational and management requirements of the members of the Group and the Group as a whole.
The "Corporate Governance Project" Group Regulation, in compliance with current legislation, also illustrates the statutory and internal organisation structures of Cassa di Risparmio di Bolzano and the related Group, at the same time representing a communication tool with its shareholders, investors and the market, aimed at providing detailed information on the corporate governance mechanisms that govern its operation.
In 2022, following the successful outcome of the Takeover Bid and the settlement of the Offer, with effect from 6 June 2022, Banca di Cividale S.p.A. (Società Benefit

(hereinafter "CiviBank") became a part of the Südtiroler Sparkasse - Cassa di Risparmio di Bolzano Group with the consequent establishment of the new Board of Directors.
Cassa di Risparmio di Bolzano has therefore strengthened its documentary structure aimed at ensuring the Governance of the subsidiary through the publication of provisions on functional reporting to ensure the regular and profitable performance of company operations and the sharing of principles and guidelines to favour the alignment of all company functions impacted by the Integration Programme.
In addition, Cassa di Risparmio di Bolzano, with the publication of the so-called Group Regulation (the aforementioned "Management and Coordination Activities of the Parent Bank on Subsidiaries" Policy) outlined the reference regulatory and governance framework for the Group aimed at ensuring the correct and regular functioning, characterised by the common entrepreneurial design, strong internal cohesion and for the unitary management, in line with the regulatory indications and with the requirements of sound and prudent management of the Group itself.
In line with the Supervisory Provisions, Cassa di Risparmio di Bolzano, as part of the management and coordination of the group, exercises:

- strategic control over the development of the various areas of activity in which the group operates and the risks incumbent on the activities carried out;
- management control aimed at ensuring the maintenance of the conditions of economic, financial and equity balance both of the individual companies and of the group as a whole;
- technical-operational control aimed at assessing, by the second-level control functions, the various risk profiles contributed to the group by the individual subsidiaries and the overall risks of the group.

With reference to the role of the Subsidiaries, they must transmit to the Parent Bank, with adequate advance and mandatorily for the cases envisaged, appropriate information on issues of particular importance from a strategic and/or operational profile as well as contribute to the achievement of the Group's objectives by adhering to the Group management and coordination model envisaged.

4.2 System for the measurement/assessment of risks and the self-assessment of capital adequacy and liquidity.

As part of its management and coordination activities, the Parent Bank has equipped the Group as a whole and in its individual components with an Internal Capital Adequacy Assessment Process - ICAAP and an Internal Liquidity Adequacy Assessment Process - ILAAP.
The ICAAP and ILAAP must be coordinated, responsive and consistent with the Risk Appetite Framework (RAF). The Supervisory Body is responsible for supervising the conditions of stability, efficiency, sound and prudent management of the banks and for verifying the reliability and consistency of the results of their internal assessments (so-called "Supervisory Review and Evaluation Process" - SREP), in order to adopt, if the situation requires it, the appropriate corrective measures.
Respectively, the ICAAP and ILAAP processes are based on suitable corporate risk management systems and require adequate corporate governance measures, an organisational structure with well-defined lines of responsibility and effective internal control systems.
The responsibility for the processes lies with the Corporate Bodies, which define their structure and organisation in full autonomy according to their respective competencies and prerogatives. They oversee the implementation and promote the updating of the ICAAP and ILAAP processes, in order to ensure their continuous compliance with the operational characteristics and the strategic context in which the Banking Group operates.
The results of the ICAAP and ILAAP processes are summarised in the related ICAAP-ILAAP Report, which represents the point of convergence and synthesis of the capital, economic and financial planning of risk management, capital management and

liquidity management and which, on the other hand, constitutes an important tool to support the strategic development and implementation of Group decisions.
The ICAAP process is divided into the following phases:

- identification of the risks to be assessed through the definition of the risk map;
- measurement/assessment of individual risks and related internal capital;
- measurement of total internal capital;
- determination of internal capital and reconciliation with regulatory capital;
- self-assessment of capital adequacy;
- self-assessment of the ICAAP process;
- preparation and approval of the ICAAP - ILAAP Report.

The ILAAP process is divided into the following phases:

- definition of the ILAAP;
- liquidity risk assessment;
- self-assessment of the liquidity risk governance and management system;
- self-assessment of liquidity adequacy;
- audits carried out on the ILAAP process;
- preparation and approval of the ICAAP - ILAAP Report.

For further details on qualitative and quantitative information on risks, as well as on management, measurement and control systems, please refer to the "Notes to the Financial Statements - Part E - Information on risks and related hedging policies".

4.3 Disclosure on internal policies adopted with regard to controls on risk activities and conflicts of interest with respect to associated parties

In compliance with the prudential supervisory provisions of the Bank of Italy on associated parties and the Consob Regulation on related party transactions (Circular no. 285 of 17 December 2013, Part III, Chap. 11, 33rd update, risk activities and conflicts of interest with regard to associated parties and Consob resolution no. 17221 of 12/03/2010 and subsequent amendments), the Parent Bank adopted the Group Regulation "Associated parties", which governs the criteria to be followed and the activities to be carried out for the management of risk and conflict of interest with respect to associated parties. In particular, the decision-making procedures for transactions with associated parties are governed (these include identification of transactions, adoption of procedures for the management of transactions, resolution of minor and major significance, transactions falling within the competence of the Shareholders' Meeting, exemptions and derogations for certain categories of transactions).

CiviBank has implemented the same Regulation, adapting it to its organisational system.

Therefore, on the basis of the corporate organisational system, the management of risks concerning transactions with associated parties is carried out through a number of connected processes representing the relative organisational controls. In summary:

a) in the Regulations of the Board of Directors, the Board of Statutory Auditors and the Chief Executive Officer and General Manager, who govern the role of the related corporate body and therefore also in relation to the "associated parties" process;
b) in the "Associated parties" Group Regulation, which governs the criteria to be followed and the activities to be carried out for the management of risk and conflict of interest with respect to associated parties;

c) in the Risk Management Regulations, which govern the profiles of the related risks (broken down into the phases of identification, measurement, monitoring, prevention/mitigation as well as reporting and communication);
d) in the General Company Regulation, which govern the roles and responsibilities of the organisational units responsible for the "Associated parties" process, in compliance with the principle of clear distinction between operating units and control units;
e) in the "Management and Coordination Activities of the Parent Bank on Subsidiaries" Policy, which governs the criteria to be adopted and the activities to be carried out for the coordination and management of both the Group's members and the investees, also with reference to transactions with associated parties;
f) in the Operating Regulation relating to associated parties, which governs the steps to be taken in dealing with associated parties and specifies the operating procedures to be adopted for the management of transactions with associated parties;
g) in the "Group Organisation Regulation", within which the criteria to be adopted and the activities to be carried out in order to reach the assignment by the Board of Directors/Chief Executive Officer of the power delegation in the various business matters are governed;
h) in the "Information Flows" Policy, which governs the reports to be sent to the Board of Directors and the Board of Statutory Auditors, including those on associated parties;
i) in the respective regulations for the different types of control (line control, compliance control, risk management control, Internal Audit activities, Group controls), which govern the criteria to be adopted and the various activities to be carried out. In summary:
   - the organisational units responsible for the aforementioned processes indicate the activities carried out in the processes with respect to the planned ones (first-level controls) and forward these indications to the Compliance function and the Internal Audit function;
   - the Compliance function carries out its controls (second-level controls) in accordance with the Group Regulation "Process for controlling non-compliance risk" and in the Policy "Compliance model and assessment of the risk of non-compliance". In particular, the Compliance function verifies the consistency of the regulations of the aforementioned processes with the supervisory provisions on associated parties (so-called regulatory or ex ante compliance); on the basis of the indications of the activities carried out in the processes, provided by the responsible units, it determines the deviation between the activities carried out and the activities provided for by the Supervisory Provisions and, on the basis of the aforementioned deviation, it formulates an organisational risk assessment of the operational compliance of the aforementioned processes (so-called operational compliance). The results of the controls are forwarded to the Corporate Bodies, to the Internal Audit function and to the Risk Management function, together with proposals for action to be taken to remove any shortcomings that may have emerged;
   - the Risk Management function carries out its controls (second-level controls) in accordance with the provisions of the Group Regulation of the "Risk Management Framework". In particular, the function measures the risks and proposes the limits in line with the strategies and submits for approval the same limits to the competent bodies. The results of the controls are transmitted to the Corporate Bodies, the Compliance function and the Internal Audit function;
   - the Internal Audit function carries out its controls (third-level controls) according to the "Internal Audit" Group Regulation, supplemented by the new Internal Audit framework as resolved on by the Board of Directors on 6 December 2016. In particular, the function verifies compliance with internal policies on associated parties and the adequacy of the first- and second-level controls carried out on the aforementioned processes. In addition, the Internal Audit function periodically reports to the Corporate Bodies on the overall exposure to risks deriving from transactions with associated parties and other conflicts of interest,

if necessary it suggests revisions of internal policies and of the organisational and control structures deemed suitable to strengthen the monitoring of these risks;

- the aforementioned functions also carry out the controls described above on the other components of the Group according to the "Management and Coordination Activities of the Parent Bank on Subsidiaries" Policy.

In conclusion, the management of the risk of conflicts of interest with regard to associated parties is governed by the set of processes referred to above and by the IT procedures used to support the activities, by the "Associated Parties" Group Regulation and the relevant detailed operational provisions.

4.4 Administrative liability (Italian Legislative Decree no. 231 of 8 June 2001)

With reference to the administrative liability of companies, the Parent Bank has made available on its website www.sparkasse.it the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, the Code of Ethics and the Code of Conduct, in particular for parties outside the Bank's organisation who, limited to the provision of goods or services governed by independent and separate contracts, are required to comply with the provisions contained therein.
The Supervisory Body, established pursuant to Legislative Decree 231/2001 and whose powers have been transferred to the Board of Statutory Auditors, has constantly checked the adequacy of the Model, also in relation to the new regulations that took place during the year, reporting on its own activities to the Board of Directors.
Likewise, CiviBank has made available on its website www.CiviBank.it the Organisation, Management and Control Model compliant with Italian Legislative Decree 231/2001 as well as its Code of Ethics.

4.5 Intra-group transactions and transactions with associated parties

As required by Art. 4 of Consob Regulation no. 17221 (as amended) and the Supervisory Provisions for banks (Circular 285/2013, Part III, Chapter 11), the Parent Bank has prepared and published the "Associated Parties" Group Regulation on its website www.sparkasse.it.

With reference to CiviBank, the same Regulation is available on the website www.CiviBank.it.

Intra-group transactions and transactions with associated parties were carried out on the basis of assessments of mutual economic convenience and, in any case, at conditions consistent with market conditions.
For more details, please refer to Part H of the Financial Statements.

4.6 Privacy, security and environment

As required by the applicable legislation, by the provisions of the "Regulation (EU) 2016/679" (General Data Protection Regulation, known as "GDPR") and by the provisions of the Prudential supervision for banks, also in 2021 the necessary activities were carried out to analyse the effectiveness of and alignment with the security measures put in place to protect data and minimise risks.
The Parent Bank, which is duly committed to environmental issues, to separate waste collection, to the progressive adoption of equipment and lighting systems with low energy consumption as well as to paperless working processes, has nothing to report in relation to any damage caused to the environment, nor to any sanctions or penalties imposed for environmental crimes or damage.

5 Share Capital and Liquidity

5.1 Consolidated own funds and capital ratios

On 1 January 2014, the new harmonised regulations for banks and investment companies contained in Regulation (EU) no. 575 (CRR - Capital Requirements Regulation) of 26.06.2013 and in Directive (EU) no. 36 (CRD IV - Capital Requirements Directive) of 26.06.2013 which transpose in the European Union the standards defined by the Basel Committee for banking supervision (known as Basel 3) entered into force. As part of a complex process of reviewing the supervisory regulations of banks, the Bank of Italy issued Circular no. 285 "Supervisory provisions for banks" of 17 December 2013, which almost entirely replaces Circular no. 263/2006, and with which:

- the national options set out in the CRR were exercised,
- the secondary technical provisions of CRD IV were transposed.

On the same date, the Bank of Italy also issued Circular no. 286 "Instructions for the compilation of prudential reports for banks and real estate brokerage companies" which replaces Circular no. 155/1991 and defines the reporting formats:

- of "harmonised" prudential supervisory reports in compliance with the relevant EBA technical standards: own funds, credit and counterparty risk, market risk, operational risk, large exposures, recognition of mortgage losses, overall capital position, liquidity monitoring and financial leverage;
- of "non-harmonised" prudential supervisory reports: related parties.

On 7 October 2016, the 18th update of the "supervisory provisions for banks" pursuant to Circular no. 285 of 17 December 2013 was published on the official website of the Bank of Italy itself.
The above-mentioned update concerned the amendment of the capital conservation buffer (CCB) requirement set forth in Part One, Title II, Chapter I, Section II of the Circular in question in order to transpose the provisions contained in the EU Directive no. 36/2013 (CRD IV) as well as to reduce the divergences between national regulations, in line with the action initiated by the Single Supervisory Mechanism (SSM) to minimize the differences in the prudential regulations applicable to banks.
This regulatory measure provides that banks, at both individual and consolidated level, are required to apply a minimum capital buffer ratio of:

- 1.25% from 1 January 2017 to 31 December 2017;
- 1.875% from 1 January 2018 to 31 December 2018;
- 2.5% from 1 January 2019.

This update entered into force on 1 January 2017.

The following table shows the consolidated "Own funds" at 31 December 2022 compared with those at 31 December 2021

	31.12.2022	31.12.2021
A. Common Equity Tier 1 (CET1) before the application of prudential filters	982,350	801,360
of which CET1 instruments subject to transitional provisions		
B. Prudential filters of CET1 (+/-)	(555)	(699)
C. CET1 gross of the elements to be deducted and the effects of the transitional regime (A+/-B)	981,795	800,660
D. Elements to be deducted off CET1	(22,736)	(8,799)
E. Transitional regime - Impact on CET1 (+/-), including minority interests subject to transitional provisions	28,079	31,633
F. Total Common Equity Tier 1 capital (TIER1-CET1) (C-D +/-E)	**987,138**	**823,494**
G. Additional Tier 1 (AT1) gross of the elements to be deducted and the effects of the transitional regime	52,674	45,200
of which AT1 instruments subject to transitional provisions		
H. Elements to be deducted off AT1		
I. Transitional regime - Impact on AT1 (+/-), including instruments issued by subsidiaries and included in AT1 due to transitional provisions		
L. Total Additional Tier 1 (AT1) (G-H+/-I)	**52,674**	**45,200**
M. Tier 2 capital (T2) gross of the elements to be deducted and the effects of the transitional regime	73,429	22,783
of which T2 instruments subject to transitional provisions		
N. Elements to be deducted off T2		
O. Transitional regime - Impact on T2 (+/-), including instruments issued by subsidiaries and included in T2 due to transitional provisions		
P. Total Tier 2 capital (T2) (M - N +/- O)	73,429	22,783
Q. Total own funds (F +L +P)	1,113,241	891,477

The capital ratios are at the levels indicated in the following table:

Common Equity Tier 1 capital/Risk-weighted assets (CET1 capital	12.60%
Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)	13.27%
Total own funds/Risk-weighted assets (Total capital ratio)	14.20%

The minimum capital ratios to be complied with for 2022, pursuant to Article 92 CRR, are therefore the following:

- Common Equity Tier 1 capital ratio (CET1 ratio) of 4.5% +2.5% of the Capital Conservation Buffer (CCB)
- Tier 1 capital ratio of 6.0% +2.5% of CCB
- Total capital ratio of 8% +2.5% of CCB.

As a result of the entry into force of IFRS 9, a revision of the prudential rules (CRD/CRR) for the calculation of capital absorption was also envisaged. In this regard, Regulation (EU) 2017/2395 published on 27 December 2017 envisages, as an option, the possibility for financial institutions to adopt a transitional regime where they can reinstate to CET1 the adjustments resulting from the adoption of the impairment model of the new standard, with a "phase-in" mechanism over a period of 5 years starting from 2018; the Bank has adopted the transitional regime (static approach) to measure the impacts of the new standard on regulatory capital. The option for the transitional regime sets forth that the higher allocations deriving from the first application of the standard, net of the tax effect, are excluded from the calculation of prudential requirements, according to a decreasing weighting factor (95% in 2018, 85% in 2019, 70% in 2020, 50% in 2021 and 25% in 2022).

With reference to 31 December 2022, it should be noted that the non-application of the transitional regime envisaged by Art. 473-bis of Regulation (EU) no. 575/2013, would have led to a (negative) impact of -33 bps on CET 1.
It should also be noted that the Cassa di Risparmio di Bolzano Group, on 10 December 2020, forwarded a specific request to the Bank of Italy aimed at obtaining authorisation for the full application of the transitional provisions on IFRS 9 provided for in Article 473-bis of Regulation (EU) 575/2013 (CRR), as amended by Regulation (EU) 873/2020 of 24 June 2020. Specifically, the authorisation concerns the application of the transitional regime on expected credit losses calculated in accordance with IFRS 9.
By means of a provision of 23 December 2020, the Bank of Italy authorised the Cassa di Risparmio di Bolzano Group to fully apply the above provisions on a separate and consolidated basis.
On 20 September 2022, the Cassa di Risparmio di Bolzano Group received from the Bank of Italy, at the conclusion of the annual Supervisory Review and Evaluation Process (SREP) conducted during 2021, the notification of the decision on the prudential requirements to be met on a consolidated basis.
With letter no. 1134751/22 of 22.07.2022, the Supervisory Authority had announced the initiation of the ex-officio procedure relating to the imposition of capital requirements in addition to the minimum capital ratios envisaged by the regulations in force in relation to risk exposure.
The communication received on 22.09.2022 confirms the quantitative requirements, qualitative requirements and recommendations made by the Supervisory Authority in its letter of 22 July 2022. In particular, the Cassa di Risparmio di Bolzano Group will be required to continuously comply with the following capital requirements at consolidated level, without prejudice to compliance with the minimum capital requirement set forth in Article 92 of Regulation (EU) no. 575/2013:

- Common Equity Tier 1 capital ratio (CET 1 ratio) of 7.70%, consisting of a binding measure of 5.20% (of which 4.50% against the minimum regulatory requirements and 0.70% against the additional requirements determined as a result of the SREP) and for the remainder of the capital conservation buffer;
- Tier 1 capital ratio (Tier 1 ratio) of 9.40%, consisting of a binding measure of 6.90% (of which 6.00% against minimum regulatory requirements and 0.90% against the additional requirements determined as a result of the SREP) and for the remainder of the capital conservation buffer;
- Total capital ratio of 11.75%, consisting of a binding measure of 9.25% (of which 8.00% against the minimum regulatory requirements and 1.25% against the additional requirements determined as a result of the SREP) and for the remainder of the capital conservation buffer.

In order to ensure that the binding measures are respected even in the event of a deterioration in the economic and financial context, the Bank of Italy has also requested that the Cassa di Risparmio di Bolzano Group continuously maintain a Component for each of the capital ratios, a Target (Pillar 2 Guidance - P2G), against a greater exposure to risk under stress conditions, equal to 1.25%, such as to determine the following capital requirements at consolidated level:

- common equity tier 1 capital ratio (CET 1 ratio) of 8.95%;
- tier 1 capital ratio (Tier 1 ratio) of 10.65%;
- total capital ratio of 13.00%.

In this regard, it should be noted that at 31 December 2022, the CET1 Ratio, Tier 1 Ratio and Total Capital Ratio, calculated according to the transitional regulations (IFRS 9 phased-in), stood at satisfactory values, with an adequate margin compared to the thresholds provided. The level of fully-phased ratios was also higher than the new minimums required at that date.
In order to guarantee the Sparkasse Group an adequate capital endowment also at the individual level of the two Banks, the Boards of Directors of the same have decided to consider the quantitative requirements identified by the Bank of Italy for the Sparkasse Group at the conclusion of the SPREP 2021 procedure to be restricted also for the individual capital endowments.

5.2 Shares of the Parent Bank Cassa di Risparmio

In this regard, please refer to the Report on Operations of the Parent Bank's financial statements.

5.3 Liquidity

Liquidity ratios

As part of the Basel III framework, the Supervisory Authorities have introduced liquidity requirements that require banks to maintain a minimum level of liquidity to deal with stress situations and ensure a balanced relationship between stable funding sources and loans. For short-term liquidity, the "Liquidity Coverage Ratio" (LCR) indicator was introduced with the objective of establishing a liquidity buffer that allows Cassa di Risparmio di Bolzano to survive for a period of 30 days in the case of severe stress. In 2022, this indicator for Cassa di Risparmio was always well above the minimum binding requirement (equal to 100%). In terms of structural liquidity, the Basel III agreements set forth the "Net Stable Funding Ratio" (NSFR), with a time horizon of more than one year, to ensure that assets and liabilities have a sustainable maturity structure. With Regulation (EU) no. 2019/876 (CRR2), the NSFR regulatory requirement was introduced which provides for the mandatory compliance with the minimum threshold of 100%. In 2022, the NSFR indicator was well above the minimum binding requirement.
The Board of Directors has defined, within the Risk Appetite Framework, as risk objectives for liquidity in addition to the LCR and NSFR indicators, also the degree of intermediation (ratio between loans to customers and customer funding) and the Asset Encumbrance Ratio.

Data at 31/12/2022	LCR	NSFR	Degree of intermediation	Asset Encumbrance Ratio
Parent Bank	196.15%	124.70%	82.42%	28.31%
Cassa di Risparmio di Bolzano Group	187.60%	120.89%	n/a	n/a

Liquidity management

In 2022, the Parent Bank maintained a liquidity position that was considerably higher than the regulatory limits. In addition to the deposits of private and corporate customers, which represent the most important part of its direct funding, the Parent Bank also draws on additional liquidity supply channels, the most important of these being the European Central Bank's TLTRO-III auctions. The Parent Bank has four TLTRO-III loans of Euro 480 million, Euro 200 million, Euro 700 million and Euro 770 million, maturing in March, June, September and December 2024, respectively.
With regard to the Munich branch, work was completed in January 2022 to provide the Bank with the possibility to collect direct retail funding in Germany through the online deposit collection platform weltsparen.de, managed by Fintech Raisin. After a gradual start at the end of January, the Parent Bank is now offering demand deposits with 34 days' notice, short-term deposits of 6, 12, 18 and 24 months, and long-term deposits with duration of between 3 and 10 years. The volume collected so far has been satisfactory.
The activities launched in 2021, in line with the provisions of the 2021-2023 Business Plan, aimed at providing the Bank with institutional funding instruments, were carried out as planned by the first half of 2022, i.e.

- at the end of January, the works were completed for the establishment of a bank bills of exchange (CFB) programme, for which the Parent Bank also obtained the so-called STEP Label; and
- in the spring, activities for the establishment of a program of Secured Bonds were concluded, allowing Sparkasse to issue the first Secured Bank Bond at the beginning of June 2022. More specifically, it issued a retained security, at least initially, a self-issue with a nominal value of Euro 300 million and a duration of 6 years, which was deposited with the European Central Bank as collateral for existing TLTRO-III loans.

With regard to securitisations,

- the ABS SME Fanes V securitisation (2020 series), characterised by a ramp up/partly paid structure, was increased by a further 333 million at the end of June, contributing a new loan portfolio, and
- in July it was closed ("unwound") through the repurchase of the loans underlying the RMBS Fanes III securitisation (2014 series) as it was no longer efficient in terms of funding and with consequent improvement of the unencumbered asset ratio.

In October, the Parent Bank issued a Tier 2 issue in the form of a private placement for an amount of Euro 37 million and with a duration of 10 years with the possibility of early repayment by the Bank at the end of the fifth year.
The Parent Bank has exploited, as far as possible and until mid-September, the opportunities offered by the so-called "tiering", or the possibility of making profits on interest rates by entering into short and very short-term repo transactions on the MTS Repo market, since the banks' cash balances with the European Central Bank up to an amount equal to 6 times the minimum compulsory reserve were remunerated at a rate of 0%, while funding operations on the interbank market exhibited negative rates. Starting from the second half of September, following the elimination of the so-called "tiering" and the return to positive ground of the deposit rates with the European Central Bank, the net interest income generation activity continued, with the difference that the liquidity generated through the stipulation of repo transactions on the MTS Repo market is now deposited overnight using the so-called "deposit facility". In addition to the operations described, repo/reverse repo operations were carried out, again with the aim of making profits on interest rates. With this type of transaction, a so-called "special" security, that is, sought by a market counterparty is transferred for a certain period of time to the same through the stipulation of a repo transaction and the liquidity received is invested, again through a repo operation with the same duration, in another title. The interest rate received by the Bank as part of the transaction described is higher than the interest rate paid by the Bank.

6 Information by business areas

6.1 Territorial network

In 2022, with the acquisition of CiviBank, the group expanded its geographical presence in the Northeast. For many decades, both banks have been well established in their respective territories and can now combine the typical flexibility of a local bank close to the needs of households and businesses with the solidity deriving from belonging to a group. This is the largest Banking Group in the Northeast, after the 4 national groups, with around 170 branches distributed throughout the country. Specifying that the group will see commercial synergies accrue as early as 2023, the main activities that have characterised the commercial operations of the two banks are shown below.

<u>SPARKASSE</u>
With regard to the Parent Bank, 2022 was characterised by the grounding of the new business plan and the start of the integration activities with CiviBank, whose completion is expected in 2023. The biggest change concerned the significant relocation of customers assigned and therefore managed by a consultant. This allowed the Bank to give importance to the value segments and to requalify around 50 resources, mostly internal, towards a consultancy role.

After an effective management of the health emergency of 2020 and 2021, in 2022 the network had to successfully deal with the management of the energy and inflationary crisis, assisting customers with the related financial and consultancy support actions.

Retail Business Unit
During 2022, the logic of the 2021-2023 business plan was consolidated with the focus on dedicating more time to customer consultancy services as well as guaranteeing a

highly professional service with 360-degree consultancy services. To ensure the proper preparation of collaborators/consultants, high-quality training sessions were provided in addition to supporting them in the field of wealth & protection by colleagues from the "Competence Center".
Of particular importance is the continuation of the branch logistics restructuring plan according to the new "look ahead" concept, which places the customer at the centre of the physical Branches also in terms of space made available both for cash transactions but even more so for the expansion of spaces for customer consultancy services.
With this in mind, a territorial flagship branch and two country branches have been included in the 2022 restructuring plan. Specifically, these are the branches of:

- La Villa in Badia
- Pieve di Cadore
- Trento Viale Verona

Also as part of the business plan, an important organisational project on credit was implemented.
In fact, during 2022, the process for the investigation and resolution of credit applications for branches and medium/small branches was centralised, through the creation of 4 credit centres called Credit Hubs. This reorganisation has generated synergies and efficiencies that have consequently increased the quality of credit applications and freed up space for commercial activities in the branch. The first Credit Hub started in June 2022 and was then extended to the entire network in November 2022.

Virtual Consultancy Business Unit

2021 saw the executive launch of the Virtual Consultancy project. The objective pursued by the project was the introduction of a new Business Unit to manage remotely and through a multiplicity of remote touchpoints usable by customers, such as telephone, e-mail, online forms, webchat and video call, the assistance and business development relationship of private customers.
The project was developed with a view to increasing service in omni-channel mode by enabling the customer to benefit from a "human" Bank-Customer contact also in remote mode and evolving a perimeter of the Bank's product and service sales and after-sales processes in a fully digital mode.
The "Virtual Consultancy" project, which subsequently took on the commercial name "Sparkasse Meet" and was placed within the new "Virtual Consultancy Service" of the Commercial Banking Department, can be deemed released following the developments of the remote processes considered "core" in 2022; in any case, continuous releases of upgrades and improvement functions are expected from time to time.
From the sales data, currently monitored in non-automated mode, the element that emerges from the commercial sales carried out directly by the Sparkasse Meet unit shows a good development capacity on the protection sphere, whose remote process was activated in June 2022 and saw over 100 contracts signed in the 6 months of remote process activation for 2022; the asset management scope, whose remote process was activated in March 2022, saw around 130 contracts signed over a period of 9 months, while there were around 30 loan contracts developed over a period of 10 months during 2022.
The activity of the unit, which in addition to the commercial component also includes the customer assistance service, is also constantly monitored through the observation of qualitative KPIs (i.e. response rate, redemption rate, contact rate), which makes it possible to consider the progress of the project in line with the Plan.

Corporate Business Unit

In 2022, the commercial evolution programme was launched aimed at maximising the potential of the customer base, building purer portfolios of dimensions consistent with the market and assigning them to the most suitable skills. The start of the year coincided with two very significant events: the end of the health emergency in Italy and the start of the war in Ukraine.

Nonetheless, all 5 Corporate areas managed to pursue with even greater force the desire to focus work on results and the speed of response to customers.
The Corporate structure, dedicated to supporting SMEs in the territories where the Bank operates, showed the massive proximity to customers at a very particular time by proactively offering solutions in response to the emergency period they were experiencing. There was the ability to offer corporate clients an all-round consultancy that could cover and satisfy the different areas of needs related to financing and investment, risk management and protection as well as international trade.
The focus on finance with low capital absorption also characterised the whole of 2022.
The insurance offer was also at the centre of the consultancy in 2022: in order to meet the insurance coverage needs of Corporate customers, the project continued during the year to add an insurance specialist of the partner Net Insurance to work alongside with the Corporate Consultant.
In addition, thanks to the partnership launched in June 2021 with Autosystem, the needs of corporate customers were met with the offer of long-term car rental.
Finally, to enhance the role of the Corporate Consultant in a constantly evolving economic and social scenario, two workshops were organised: "NET Protection Talk" and "Liberare l'ostaggio", which saw the presence of expert consultants/trainers both for managerial skills and for the management of complex negotiations

CIVIBANK

At 31 December 2022, the Bank's territorial structure consisted of 64 operating branches.

Main aspects of commercial activity
CiviBank continued its commercial policy of implementing initiatives aimed at achieving the objectives set as part of a direct and transparent relationship with customers.

1. Private Markets
a) Retail: consumer loans and personal and asset protection products
During 2022, CiviBank maintained a credit offer adequate to the needs expressed by households, mainly to guarantee the possibility of accessing the home asset.
In 2022 the use of the Guarantee Fund for mortgages for the First Home (Law 147/2013) continued, which provides for a free State guarantee for households meeting the requirements on the mortgage transaction, particularly focused on young people under the age of 36 who were recipients of particular benefits. This operational instrument at national level was accompanied by the concessions provided in the Friuli Venezia Giulia area, consisting of contributions for the first home, whose applications can also be submitted directly at the Bank's branches. Thanks to these instruments, the Bank continued to disburse mortgages, considerably facilitating the purchase of homes by numerous families, mostly young people.
The commercial offer of personal loans maintains the range of products called "Civiprestito" and loans for energy saving initiatives and improvement of the energy efficiency of buildings called "Ecoprestito".
Therefore, as regards the consumer loans sector as a whole, the volume of new disbursements in 2022 was extremely positive:

- mortgage loans to consumer households for the purchase or renovation of homes: new disbursements for Euro 254.8 million compared to Euro 228.6 million in 2021 (+11.5%);

- personal loans: new disbursements of Euro 26.5 million compared to Euro 28.7 million in 2021 (-7.7%);
- loans to households in collaboration with Agos, Cofidis (new partnership) and Deutsche Bank: new disbursements for Euro 27.0 million compared to Euro 20.8 million in 2021 (+29.8%),

which brought total credit disbursed to local households to Euro 308.3 million (compared to Euro 278.1 million in 2021, +10.9%).
The results were obtained thanks to the improved focus of consultants in the branches, improved monitoring of commercial developments, training sessions and greater involvement of commercial partners. Also in the area of "bancassurance" (products intended for the protection of individuals and assets), the results were positive for the same reasons as above: premiums collected in 2022 amounted to Euro 9.4 million (compared to Euro 8.4 million in 2021, +11.9%). Collaborations with the Swiss insurance Group Helvetia and the Trentino Group ITAS continued and a significant portion of the premiums collected was represented by insurance coverage linked to the above loans.
b) Asset Management/Private Banking/Wealth Management: savings and investment products
2022 was a particularly difficult year for the financial markets, most of the asset classes suffered significant losses: global equity indices recorded the largest loss since 2008 and bond indices suffered the explosion of inflation and the consequent countermeasures of the central banks.
For the first time in history, both Treasuries and the US Stock Exchange (S&P 500 index) lost more than 10%.
With regard to the main aggregates regarding savings and investment products:

- funds, SICAVs and asset management recorded an increase in net inflows of Euro 45 million;
- financial policies increased in terms of net inflows of Euro 6 million;

which brought the total stock of managed indirect funding to Euro 1,102 million.
The commercial and consultancy action of the Bank's Network was carried out through the branch teams set up in the previous year, which involved the consultants CiviPrivate and CiviBanker.
In terms of liquidity, there was a contraction of Euro 118 million in customer deposits, which brought the total stock to Euro 2,886 million as a result of negative demand deposits of Euro 72 million and of negative maturity deposits of Euro 46 million, almost entirely (approximately 45 million) due to the reduction of the two forms of online funding Conto Green (deposit account reserved exclusively for customers of the internet channel) and Raisin (agreement with the German Fintech Raisin, a company that manages the main pan-European online savings deposit platform).

c) Payment and digital services
CiviBank is active in initiatives aimed at innovation and digitalisation of products, services and processes, collaborating with its technological and product partners.
The increase in the use of internet banking services continued, mainly through the *CiviBank online* app for smartphones and tablets; at the end of the year, there were more than 57,000 users, up by 6% compared to the previous year. The security measures implemented confirmed their effectiveness, in consideration of the minimal amount of fraudulent phenomena, unfortunately due to the failure of some customers, victims of fraud, to comply with the recommended security practices.
The payment card segment also achieved positive results in 2022. The transition to contactless technology is substantially completed and all payment cards allow payment in this way; while the transition from signature to PIN for credit cards, a method that has always been adopted for debit and prepaid cards, is at an advanced stage.
The spread of mobile payment services grew further, both on the usual national and international circuits, with the partner Nexi, through the Nexi Pay, Apple Pay, Google Pay, Samsung Pay applications, and through the fintech Satispay, independent from the credit/debit circuits. Through the apps, in addition to performing payment transactions, it is possible to maintain full control of card operations and receive notifications on payments made. Over 20% of customers have activated a mobile

wallet and are able to make payments without material use of the card, with a clear prevalence of the Apple Pay system, used by 69% of cardholders.
There are over 45,000 Bancomat® Maestro debit cards in circulation. Nexi payment cards total 34,000 active units, with a significant transition from prepaid cards to International Debit products, recently introduced and distributed to around 3,000 new customers in 2022.
During the year, over 6,600 reimbursement plans were activated with the Easy Shopping service, which allows the deferral of the payment of expenses made with credit cards, up by 23% compared to the previous year.
Finally, all consumer customers were able to accumulate up to Euro 150 with the State Cashback (until 30 June 2021, the end of the initiative) by activating their payment cards both through the IO App and in simplified mode through the Nexi Pay, YAP and Satispay Apps.

2. Loans and Business Services

a) Loans

The year 2022 was characterised by two very significant events: the prolongation of the pandemic crisis at the beginning of the year and the start of the war in Ukraine. The ongoing conflict, accompanied by the increase in energy and raw material costs, has contributed to reinforcing a climate of uncertainty, which has led many entrepreneurs to postpone planned investments.
Despite these conditioning factors, disbursements to the corporate world amounted to Euro 399.5 million, down compared to Euro 503 million in the previous year.
As part of its product portfolio and considering the particular economic period, CiviBank was characterised by the constant use of subsidised instruments made available at supranational, national and regional level; this allowed the Bank's business customers to access credit more easily with advantageous conditions.
To support the investments of business customers (SMEs and large companies), particularly in the Friuli area, the Bank increased the use of regional revolving funds (FRIE and Development Fund). These instruments have allowed companies to access credit with subsidised rates (as well as very advantageous compared to normal market conditions, also considering the increase in rates in recent months), also receiving from the Region an additional non-repayable contribution of 5% of the financed amount.
In support of investments, CiviBank continued to offer customers the leasing service, as an alternative and/or complementary instrument to revolving funds, combined, where possible, with the "Sabatini Nazionale" contribution and for investments in Friuli-Venezia Giulia also with the "Sabatini FVG" contribution.
Again with a view to facilitating businesses and facilitating their access to credit, to accompany operations for investments or aimed at liquidity requirements, the Bank proposed, where possible, the consolidated instrument of the Central Guarantee Fund and the Agreements with the largest and most important Confidi in the territories in which it operates.
Also for 2022, there was the possibility of offering customers transactions with funding deriving from the funds made available to the EIB (both for leasing and financing transactions). This allowed corporate customers to access medium/long-term transactions with rates at more advantageous conditions than those with ordinary funds and exempt from the substitute tax (0.25%), which instead weighs on traditional loans beyond 18 months.
The Bank also supported customers in liquidity and investment transactions with other subsidised instruments: the Italia and Supportitalia Guarantees issued by Sace, the EIF, EIF EGF and Veneto Sviluppo Guarantees and transactions with funding made available by FRIULIA.
Finally, also in the agricultural sector, CiviBank has supported companies in the sector in their requests for liquidity and/or transactions against investments, in particular with the use of the subsidised instruments made available by the Local Authorities for companies in the Friuli Venezia Giulia region, (Rotation Fund LR 80 and ISMEA guarantee).
The direct management of all the subsidised instruments described above has allowed CiviBank to create a high level of expertise on the subject, thus offering specific consultancy and tailor-made financial proposals to client companies. Moreover,

CiviBank's in-depth knowledge of the instruments has led the Bank to have a close relationship of collaboration with the Managers of the various facilities; in particular, the collaboration with the Friuli Venezia Giulia Region has allowed the development of specific subsidised instruments in favour of companies in the Friuli area (as demonstrated by the exclusive agreements stipulated between CiviBank and Friulia (regional financial company) for loans with subsidised funding in favour of the local businesses).

b) Payment and digital services for businesses

The increase in the use of internet banking services also continued with regard to businesses, with over 10,000 active businesses and a predominant share of the transactions carried out through electronic channels.
The number of POS terminals installed at retail outlets grew by 227 units (+6.3%) with brokered volumes growing further to Euro 250 million (+21% over 2021).

6.2 Interest rate and condition policy

In 2022, the rate policy, both for the Parent Bank and for the subsidiary Bank, was decisively conditioned by the restrictive monetary policies undertaken from time to time by the ECB to deal with the new macroeconomic context characterised by strong inflationary pressures. The reference rates EURIBOR and IRS, to which most of the lending products are indexed, therefore embarked (starting from the summer) on a constant and marked growth curve that inevitably traced the trajectory of the rates proposed and applied to customers. In terms of spread positioning, a policy was adopted that took into account the reference market, adjustments to the cost of risk and capital, as well as the levels of the refinancing cost, in particular forward-looking.
In the funding segment, remuneration was also adjusted to the context, recording the first increases on restricted technical forms in the second half of the year.

6.3 Commercial initiatives, communication and marketing activities

SPARKASSE: THE LARGEST TERRITORIAL BANKING GROUP IN THE NORTH-EAST

The year 2022 saw Banca del Cividale (CiviBank) join the Cassa di Risparmio di Bolzano Group.
With the purchase of CiviBank, a new banking group was created, the first independent credit operator based in the Northeast, which ranks immediately after the four main national banking groups. For well over a century, Cassa di Risparmio di Bolzano and CiviBank have been deeply rooted in the territory; by joining forces they are able to significantly improve their strategic positioning and be even closer to households and businesses.
The transaction enhanced the distinctive characteristics of CiviBank, preserving its identity and historical link with the territory and at the same time will allow the creation of new value and benefits for all stakeholders.
The new banking group, also thanks to its ability to express greater investment potential for growth and innovation, will direct its action towards the improvement and expansion of services and products for customers and the offer of greater development opportunities and growth for employees.
The takeover bid was announced in December 2021. During the adhesion period, which started in April and ended in June 2022, the communication activities, the campaigns carried out, the actions taken, the events organised and the public relations activities, aimed at supporting the project. The takeover bid was completed with great success and was concluded above all expectations. Cassa di Risparmio di Bolzano now holds 79.1% of the share capital of CiviBank. Thus, a new banking group was created in the Northeast, which aims to create added value for businesses, households and stakeholders.

As part of the 2022 Banking Awards, Cassa di Risparmio di Bolzano was awarded the prestigious "Guido Carli Elite" award, dedicated to the most distinguished banks and bankers in the last year. The same was awarded to the Chief Executive Officer and General Manager Nicola Calabrò as "Best regional banker" specifically for "the construction of a new banking group in the Northeast, the largest after the four national banking groups".
This new and important company was launched by a strong-impact image campaign, with the two brands Sparkasse and CiviBank under the new Sparkasse Group "umbrella". This institutional campaign, launched in the Veneto Region, aimed to publicise and appreciate the Sparkasse Group in an area where both banks are represented in a significant manner. The message underlined the solidity deriving from the union of the two realities, giving visibility to the same.
As a first tangible step for customers, at the conclusion of the takeover bid, the free withdrawal was announced at all ATMs of CiviBank and Sparkasse with the debit card (Bancomat® circuit), the Nexi Debit card and the Smart card. A customer who is on holiday, travelling or visiting one of the locations where they are located, therefore does not pay any commission for withdrawals.
At the end of the summer, important action was taken by the new Group. A ceiling of Euro 100 million was allocated to support businesses, at favourable conditions, to meet liquidity needs deriving from the increase in energy costs and more generally, raw materials. Precisely at a time when the price increases began to weigh more and more on some companies, the Sparkasse Group immediately activated. The allocated ceiling is a confirmation of this desire and the concrete proximity to the people, which is added to the offer of loans to support investments for the energy efficiency of buildings and for the transition to renewable energies.

The specific initiatives carried out by the two banks are reported below

SPARKASSE

SPARKASSE meet - the new unit specialised in remote consultancy
Sparkasse launched a new Business Unit dedicated to Remote Consultancy whose team, initially taking over customer support, then gradually integrated its activities to cover all the main aspects of remote commercial consultancy aimed at our private customers.
The service is available with extended hours compared to branch hours and operates with a digital service model that allows the subscription of products and services remotely, including investment and protection solutions.
The mission is precise: to be close to the customer, integrating an additional method of contact with our Bank to guarantee an excellent service experience in all its phases, from operational and support emergencies, to remote purchases and the management of the after-sales of products and services. The strategic value lies in the development of an effective omni-channel bank projected towards the future and in the related enhancement and further development of the digital skills generated.
In the spring, an impactful image campaign was presented to customers, with the slogan "Nice to meet you!", also introducing the new name of the innovative service: SPARKASSE meet. A name linked to the "virtual" world, but focusing on the character of distinctiveness, i.e. on the fact of offering "meetings" remotely, by telephone or via video call between customer and consultant. So "the meet" was the central element of the new name.
SPARKASSE meet therefore introduces an additional way of banking, namely the possibility of providing consultancy and underwriting of products and services entirely remotely, effectively responding to an increasingly marked market evolution.

SPARKASSE ON - the online service platform
In 2022, a lot was invested in optimising the methods of interaction between the Customer and the Bank. The omni-channel operations of individuals were enhanced through the development of online banking, Sparkasse ON, the online service platform, accessible via PC, tablet or smartphone with the appropriate app.

The scope of processes offered remotely has been significantly expanded. A further 35 sales and post-sales management processes have been enabled for remote operations with digital signature through ON. Customers can sign more than 150 forms and contracts through the digital signature integrated in ON. In the area of financial and insurance consultancy for example, more than 11,500 documents were signed, including consulting contracts, investment proposals or purchase orders. In total, more than 24,000 documents were signed remotely through ON. This important intervention on the forms, in addition to facilitating the signature phase, guarantees the automatic digital archiving of documents.
This is a great step forward in terms of efficiency, simplicity, environmental sustainability and agility. Customers now also have the option of updating their MiFID profile comfortably from home, with the possible assistance of their own consultant. In an economic context in which more and more industries are offering customers omni-channel experiences, we believe that it is strategic to enable customers to communicate and interact with their branch or consultant in a simple and convenient way, choosing the preferential one, between branches, through digital channels in self-mode, or remotely assisted.
In summary, the advantages that digital collaboration tools offer are:

- to allow customers to have a direct line with their consultant or branch: by contacting SPARKASSE meet through chat with operator, carrying out a video consultancy with their manager or signing a form or contract through ON.
- They allow the sales network to conclude a sales or after-sales process with greater agility, without the need for the customer to go to the branch. A sustainable choice that contributes to limiting CO2 emissions by avoiding potential travel by car.
- Customers can consult the documents which they have digitally signed directly in the ON Documents section and for the branch, the documents enabled for digital signature through ON are automatically digitally archived. The digitalisation of processes helps to save resources, reducing printing and contributing to a more informed use of paper.

Instant SEPA credit transfer

In spring 2022, Sparkasse optimised the functionality of the instant credit transfer, allowing this payment method to reach the entire Italian and European banking market adhering to the SEPA Instant Credit Transfer (SCT-Inst) scheme. Our customers, private ones through ON and companies through ISI-business, can perform instant SEPA transfers, i.e. irrevocable transfers available 24 hours a day, every day of the year. These are executed within 10 seconds, vis-à-vis all Italian and SEPA area (Single Euro Payments Area) Banks, which currently includes 36 European countries, including Italy and the other 26 countries of the European Union, in addition to Switzerland, England, Norway, Iceland, Andorra, San Marino and the Vatican City.

Innovative Payments

The development of innovative mobile collection and payment systems continued. For all customers equipped with Sparkasse's innovative "Smart POS", the Bank can now activate two interesting new services, which can be activated independently by installing dedicated apps on POS terminals. With the release of these functions, they can take advantage of the new services, guaranteeing the convenience of a single POS device. The two services are the Ticket Lunch App (for the collection of electronic meal vouchers) and the Tax Free App (for the management of the VAT exemption for tourists from non-EU countries, who can request the return of the VAT).
In this context, our product range was enhanced with the "POS Transaction Advance" credit line. A large number of small economic operators have difficulty accessing short-term credit, despite having increasingly traceable collections: in fact, an increasing share of transactions pass through POS. Sparkasse has therefore developed this new service that connects electronic collections and working capital financing. The "POS Transaction Advance" credit line provides for the granting of a credit line (equal to the volume of the POS Transaction of a previous period) against the advance of future collections, made by the customer through collections through the POS device, including any e-commerce transaction. The product is intended for

business customers and freelancers with a VAT number, holders of a current account and a latest generation Sparkasse POS device.

Initiatives and campaigns - Protection insurance solutions

With a special dedicated campaign, the Bank wanted to emphasise that it is among the first to offer interesting solutions for safe skiing. The new legislation requires the skier or snowboarder to have third-party liability insurance on the ski slopes. The penalty for those who do not possess it ranges from Euro 100 to 150, in addition to the withdrawal of the ski pass.
The Protection Mountain insurance policy, developed together with our insurance partner Net Insurance, offers compensation in the event of an accident, civil liability coverage for damages caused unintentionally to third parties, reimbursement of search and rescue expenses in the event of an accident and reimbursement of services not used. Up to 7 people can be insured for just one day. The policy can be activated through the Sparkasse ON app or directly from the Bank's website.
In this context, two other policies should be highlighted: Protection Patrimonio, an annual policy with which it is possible to ensure the civil liability of private life to protect, in addition to skiing, the entire family in different areas of private life, and Protection Benessere e Salute, an annual policy that guarantees complete protection against unexpected events such as an accident on the ski slopes and includes assistance, reimbursement of skier's expenses, civil liability and legal protection.
A novelty, also born from the partnership between Sparkasse and Net Insurance, is the new Protection-Pet insurance product, the solution designed to support pet owners to take care of their four-legged friends, specifically registered dogs and cats. The policy can only be activated digitally. Through online banking, it is also possible to report a claim and renew the policy. It covers the expenses for surgical interventions or hospitalisations, funeral costs and search costs for recovery if the dog or cat has disappeared. A solution specifically designed for those who love animals and care about their health.
From December 2022, on the other hand, Plick, the new digital payments tool, has been available, which in collaboration with Net Insurance has been integrated into the "ecosystem" of services for the settlement of claims up to amounts of Euro 5,000. Plick allows to send money using only WhatsApp, SMS or e-mail with notifications directly on the beneficiary's smartphone. It is a digital experience that leads to optimising time management. To receive the settlement of the claim through Plick there is no need to download new apps or register for any service, just a few simple steps.

In the name of sustainability

There were many initiatives by Sparkasse on the subject of sustainability.
In collaboration with the renowned Istituto Piepoli, a survey on sustainability was carried out, which included a qualitative phase, conducted through focus groups, and a quantitative phase, carried out through the administration of a questionnaire to some of our private customers. As part of the quantitative phase, a newsletter was sent to 10,000 customers, identified according to their personal data. By responding to the questionnaire, customers were able to assess the image that the Bank transmits to its customers in terms of sustainability to explore different aspects of knowledge, perceived importance, satisfaction and suggestions for additional products and/or services desired.
During the year, Sparkasse was awarded the important "Sustainability Leader" award. As part of the competition created by "Il Sole 24 Ore" and the analysis company "Statista", the companies most committed to the green shift were awarded. Research and recognition of the most active companies in Italy in terms of sustainability - this is the objective of the "Leader of sustainability" competition, mastered by the daily newspaper "Il Sole 24 Ore" and by the analysis company "Statista", an international leader in market research and trends as well as consumer trends and specialised in ranking. As part of the second edition of the survey, Sparkasse was chosen among the "2022 Sustainability Leaders". Over 450 companies, drawn from an initial database of 1,500 companies operating in Italy, were subjected to a survey concerning the analysis of 35 indicators that pertain to the three dimensions of sustainability: social, environmental and economic. Sustainability reports, non-financial statements and

integrated financial statements were analysed. Only 200 companies were selected, divided into 24 business sectors, which achieved the best final score of all.
Sparkasse's sustainability strategy has been enriched with a new element: environmental, social and proper corporate governance factors, i.e. ESG factors, have also been included in the financial consultancy services of our Bank. The challenges facing banks are particularly significant, given the fundamental role they play in allocating resources to more sustainable production activities and financing the most deserving initiatives to promote the transition to a greener economy. Being responsible also allows banks to become more resilient. The integration of ESG factors within the SPK360 consultancy platform makes it possible to collect the sustainability preferences of customers and take them into account in the formulation of investment proposals. Sparkasse customers can now benefit from a targeted commercial proposal corresponding to their sustainability preferences, and will be able to access specific reports on the environmental, social and governance impacts of individual products and their investment portfolio.
Again in the field of ESG criteria, the Sparmix product, which allows investment in asset management products, has been renewed and now also offers mutual funds with a high profile of social and environmental responsibility.

New Eurovita Multiramo Saving Evolution solution

Sparkasse has expanded its offer with new Multiramo policies, dedicated to customers of high standing, which contemplates the typical characteristics of insurance products and investment products. They are suitable for those who want to diversify their investments and at the same time have easy access to the financial world, entrusting savings to guided and professional management. Multiramo investment solutions therefore reconcile the need to seize the opportunities that the financial markets may present, with the security of a revaluable investment linked to a separate insurance management. These policies also represent a tool for protecting assets, also with a view to generational change. Indeed, the insured benefits in favour of the beneficiaries are not part of the estate and are therefore exempt from inheritance tax. An additional advantage is that the tax on financial returns (capital gains) is deferred upon liquidation. Being an insurance product, it is unchallengeable and cannot be seized.

Private Banking Awards: Sparkasse among the 5 finalists

Sparkasse received an important recognition as part of the CityWire Private Banking Awards 2022. The Bank was ranked among the more than 30 participants in the initiative, among the top 5 finalist private banking institutions for insurance services. The CityWire Italia Private Banking Awards recognise and value excellence in private banking. The initiative aims to identify the most popular companies of the year, through the judgement of an independent jury, composed of ten experts, including economists, university professors and representatives of the financial world, who analyse the development over the last twelve months. Founded in London in 1999, Citywire is the international reference point for news and insights dedicated to asset management professionals. This new and prestigious award certifies the excellence and quality of the Sparkasse service model in Private Banking.
The updating of savings products continued, expanding the offer with new funds. Collaboration with important world leaders in asset management has intensified, including UBS, Eurizon Capital, Anima, Fidelity, Pictet, Pimco and Vontobel. A support and guidance tool, very useful and well received by the customers, is the so-called "model portfolios", developed and updated by the Investments Committee of the Bank, which offer the investors an authoritative reference for their choices. The "Daily Market Update" and the quarterly guide to the financial markets "Investment Compass", both of which are sent out in newsletters to more than a thousand investors, also provide useful support.

The new Credit Hubs: efficient and dynamic

The new units created as part of the granting of mortgages and loans are called "Credit Hubs", and the concept derives from the word "hub" which properly means "central point". This is an important project implemented as part of our Bank's Strategic Plan. The objective is to relieve small branches and agencies of the credit processing activities, creating spaces for consultancy and assistance to customers. In addition, this also ensures uniform processing of credit applications at bank level and therefore speeding up the process. The ultimate goal is to offer customers the best possible service and the best consultancy. After a pilot phase, the project was extended to the entire branch network.

Corporate Banking

The Corporate Banking segment has evolved in terms of products and services offered to corporate customers.
Sparkasse has allocated a ceiling of Euro 400 million dedicated to the National Recovery and Resilience Plan (NRRP), the stimulus plan created within the European Community as the "Next Generation EU" following the spread of the COVID-19 pandemic, which will see a huge package of resources (around Euro 200 billion) flow into Italy over the course of the plan.
In addition, to support companies, a team of specialists provides specific consultancy for access to the benefits of the NRRP, both as regards the adoption of the most suitable financial instruments to be combined with the public resources envisaged, and for the implementation of projects of sustainable growth in line with the objectives of the NRRP missions. In 2022, the areas were also extended to the green and sustainable transition sectors, paying particular attention to the sectors in which the Bank has historically focused, such as tourism, agri-food and manufacturing.
Sparkasse, in collaboration with PricewaterhouseCoopers (PwC) Italy, a leading international consultancy firm, has launched a digital platform for access to NRRP funds. The platform, offered free of charge to Sparkasse's business customers, allows for accessing a search engine, which selects the tenders and incentives most in line with the company's profiles, and the support services of PwC managers and professionals for the analysis of the individual measures and access to them.
As a further innovation, Sparkasse provides, thanks to the partnership with MF Centrale-Risk, the best services that facilitate the management of the numerous information provided by the Bank of Italy, to allow customers to free up operational time in favour of the most strategic business decisions. This is a service that reduces the time needed to analyse the information recorded in the Central Credit Register. The MF Centrale Risk tool makes this information easily accessible and usable for businesses and always up-to-date, thanks to a dedicated platform and specific on-cloud solutions. MF Centrale Risk is a Fintech company of the Class Editori Group, a publishing house of Milano Finanza (MF).
Sparkasse has signed a partnership with the fintech company Workinvoice. The objective of the agreement is to offer the Bank's business customers innovative financial services to optimize the management of working capital, services developed by fintech and perfectly integrated into the Sparkasse system. The new offer allows our customers to sell and advance online, through a digital platform, the collection of their trade receivables. This is an innovative digital solution to obtain immediate liquidity, ensure the collection of own receivables, as well as make their management more efficient.
In consideration of the marked increase in cyber attacks that companies are called to face, Sparkasse has enriched, in collaboration with the insurance partner Net Insurance, its Protection Business product with the new Cyber Risks area. The product contains a new section on Cyber risks that protects those who want to protect themselves from damage caused by cyber attacks. The policy provides for the reimbursement of expenses necessarily and reasonably incurred by the company to establish and document the causes, contain the damage, decontaminate the computer system from the malware that caused the damage, restore and configure the data and the computer system, where possible, in the same condition they were in immediately before the cyber attack.
A specific advertising campaign was dedicated to Sparkasse Business and Business Web current accounts, as well as to the related international debit card, combined with these accounts, Sparkasse's Nexi Debit Business. The targets were entrepreneurs (craftsmen, professionals, small entrepreneurs, medium-large companies), but also entities and associations that need a flexible and secure payment instrument to be connected directly to the company current account to make, all over the world and

also online, purchases, withdrawals and payments related to their business. In addition, the card is equipped with the Spending Control function, i.e. it allows to independently customize in real time the spending limits for in-store and online purchases in relation to specific parameters such as geo-location, product category and channel of use of the card.

Sustainable mobility: Sparkasse Auto with Tania Cagnotto as testimonial

Sparkasse offers, with increasing success, the Long-Term Rental service for individuals and companies, promoted under its SPARKASSE AUTO brand, thanks to a strategic partnership with Autosystem S.p.a., a company specialised in this sector.
Tania Cagnotto, the famous Bolzano diver, in 2022 (for the second time, after the campaign launched in 2019) interpreted the advantages linked to our long-term rental service - such as the possibility of accessing numerous benefits related to the use of the car by paying a convenient "all-inclusive" monthly fee, thus saving time to be allocated to other activities and limiting the economic risks associated with any write-downs of used vehicles.
The choice of a valued testimonial like Tania aims to leverage above all the credibility, excellence and professionalism that characterise the activities of Sparkasse Auto and the personality. In the commercial, broadcast online on Sky and on TVs in Alto Adige, Trentino and Veneto, Tania presents herself as a former athlete, in her role as a committed mother and private person. Together with his father Giorgio, his coach for many years, they are a successful team even in front of the cameras.
With the launch of the advertising campaign, the window on the web was redesigned at www.sparkasse.it/auto.

Image communication tools for the young target

For the start of the school year, the new Sparkasse wall calendar was published in two versions: the Kids calendar for elementary and middle schools and the Chili calendar for high schools. The practical calendar, delivered to all schools in the Bank, continues to be in great demand. In addition to increasing the awareness of our brand in schools, it represents an excellent publicity for its image, being present in the classes throughout the school year.
Also worth mentioning are the nice gifts for children and young people on the occasion of the traditional "Savings Week" at the end of October. It has been a tradition for several decades that young customers, who come to our branches to empty their piggy banks to deposit their savings in the book, receive a small gift.

The opening of new branches with innovative formats continues

The innovative model was designed through the integration of traditional physical channels and advanced digital systems and developed on the basis of the "Look Ahead" concept, which transforms the classic banking model into a unique environment, maximising the relational and consultative aspect. The concept was applied in 2022 to a number of branches. Trento, in Viale Verona, La Villa (BZ), Pieve di Cadore (BL) and San Pietro in Cariano (VR) were renovated.

Shareholders - the Bank's "assets" at the basis of a strong link with the territory

Sparkasse has over 24,000 shareholders who represents a fundamental asset for a local bank like ours. This important number demonstrates the relationship that unites the Bank with its Members.
The same can benefit from a series of dedicated products and services, with favourable conditions. Thus, for example, Shareholders with a minimum of one hundred shares are offered two package current accounts with special benefits and associated services at very valuable fees: Platinum Account and Silver Account.
The Sparkasse Club, reserved for the Shareholders of our Bank, accessible through the dedicated website www.clubsparkasse.it, has undergone a complete restyling. The most modern technologies have been adopted, processes have been optimised and all contents have been restructured. The Sparkasse Club, which is enjoying great success and represents real added value, is free for Shareholders; the advantages offered are many.

Investor Relations: a new channel dedicated to our financial communication
Financial Communication represents the set of communications by a company to the various stakeholders regarding the evolution of the income, financial and equity structure. Sparkasse has renewed its web portal dedicated to Investor Relations, which is the link between our Bank and stakeholders, such as shareholders, investors, financial analysts, rating agencies, investment companies, banking institutions and journalists specialising in economic and financial media.
A new graphic layout and a new customer experience, inspired by the most innovative web design concepts, characterise the new web portal. It is possible to obtain important information and consult, in Italian, German and English, the documents relating to our Bank, such as financial statements, annual report, non-financial statement, strategic plan, issues (shares, bonds, covered bonds, securitisations, bank bills of exchange), resolutions of the shareholders' meeting, corporate documents (articles of association, code of ethics, organisation model, group regulations, etc.), equity investments, disclosures (Bail-in, Pillar III) and price sensitive press releases.

Human resources: a primary asset for Sparkasse
The growth and affirmation of a company hinge on the quality and motivation of its Personnel, which, in relations with customers, is a fundamental element of banking activities and constitutes a distinctive factor. In this context, various initiatives have been implemented for our employees.

Sparkasse Forum
On the occasion of the Sparkasse Forum, the annual plenary meeting, which involves the participation of the managers of the Sales Network and the General Management, for the first time the executives of CiviBank also participated in the appointment. The Sparkasse Forum was an important opportunity to discuss the performance of our Bank and to share perspectives and opportunities; in addition, the last edition launched a new ambitious and challenging path that is expected to give satisfaction and success in the new perspective of the banking Group.

Welcome on Board
In transmitting professional qualities and corporate values to young people, Sparkasse aims not only at internal training, but also at specific dedicated events. The "Welcome on Board" event dedicated to the 104 new Sparkasse hires during the 2022 financial year was held to the great satisfaction of the participants. The new employees were welcomed to Sparkasse Academy for a tour to present the various Departments.

"The new challenge" - year-end event
An important event was the year-end event, to which all Sparkasse employees were invited, held under the title "The new challenge". The last event was three years ago in 2019, and due to the pandemic, it subsequently could no longer take place. A festive atmosphere and an exceptional spirit among the employees characterised the meeting, which took place for the first time at the Kurhaus in Merano and was attended by almost 1,000 colleagues, in the presence of the members of the Board of Directors and Board of Statutory Auditors as well as the top management of CiviBank.

Diversity & Inclusion: initiatives continue
The "Diversity & Inclusion" initiatives and projects continued, carried out in collaboration with "Valore D!", a network of virtuous companies, united in "Valore D" (where D stands for Diversity), which Sparkasse joined the previous year and which commits the company to undertake concrete initiatives for the valorisation of gender, generational and cultural diversity within the company. A particular focus was dedicated to "Valore D - Talks Academy", online meetings with experts that attract participants from all over Italy, open to collaborators on topics such as inclusive language, leadership and empathy.

Sparkasse promotes sustainability among its employees
Sparkasse adheres to the "Green SUIte" initiative, a process aimed at raising awareness, educating, activating and rewarding virtuous behaviours on sustainability.

The "Green SUIte" initiative aims to enhance sustainability issues, in line with the objectives of the United Nations 2030 Agenda and ESG. The project was created as part of the Startup Intelligence Observatory of the School of Management of the Politecnico di Milano. It aims at raising awareness among employees on environmental issues. A sustainable company is also recognised by its ability to promote environmental education by involving employees.

Sparkasse training certified ISO 9001:2015 EA37
Sparkasse has obtained, as the first company at local level, the ISO 9001:2015 EA37 certification, i.e. the creation of a Quality Management System for the Bank's Training process compliant with the international standard. In recent years, the Bank has been organising training activities of increasing quality that allow employees to acquire new skills and improve the quality of work.

Occupational Health & Safety: Sparkasse ISO 45001 certified
Sparkasse also obtained the Certificate of Compliance with the international standard ISO 45001 for the adoption of its Occupational Health and Safety Management System at all Bank offices, including the entire network of over 100 branches. Here too, we are the first bank at local level and among the leading banks at national level with this certification, which represents the highest international standard. The certification is part of a framework for the protection of the health and safety of Sparkasse employees.

<u>Communication tools</u>
To support the achievement of the business and brand objectives, Sparkasse has been very present in traditional and digital media in terms of product and institutional communication. Among the online communication tools, the presence on the most important social media channels, Facebook and YouTube, was intensified, achieving significant growth in terms of interactions and significantly increasing the number of followers and likes. In particular Sparkasse on Facebook, after exceeding 13,000 followers in 2021, reached and exceeded 29,000 followers in 2022. The number of interactions with our Facebook page and with our posts is high in percentage, even compared with competitors. The Bank is also active on Linkedin which is the main social network in the workplace. Social media are efficient tools that make it possible to strengthen the relationship with customers, to get in touch with prospective customers and to increase brand awareness.
Cassa di Risparmio di Bolzano saw a constant presence not only in the local media, but also in the major national financial media such as "Il Sole 24 ore", "Milano Finanza" and on the economic pages of "Corriere della Sera". To these were added economic-financial web channels, such as "Class CNBC" of Milano Finanza. Throughout the year, communication activities, with timely press releases, were further developed and intensified in support of the main initiatives and activities undertaken by the Bank.
A series of marketing campaigns and initiatives were exploited by using the whole range of channels and media available: in the press, television, radio, online, billboards, trade marketing tools, which were also joined by several web, digital and direct marketing actions and organisation of specific events.
Successful and gaining an increasing number of readers is the Sparkasse "Journal", a biannual magazine for customers, shareholders and employees, where they can read articles on topics involving the bank, receive information on products and services offered as well as a series of in-depth articles on current topics affecting the economy and finance. The periodical also dedicates ample space to prominent personalities.

<u>CIVIBANK</u>

CiviBank employees - a close-knit team, a winning team
CiviBank is made up of a strong team of over 560 employees. The objective of the Bank is to develop talent, enhance diversity and reward excellence. CiviBank promotes a corporate culture aimed at enhancing its collaborators, aware of the fact that the contribution of collaborators is what first creates added value in the company. People represent a fundamental element for the achievement of the company's objectives. For

this reason, personnel management is aimed at enhancing everyone's skills and abilities and offering effective opportunities for their development.

6.4 Territory, public relations and sponsorships

In the year under review, still influenced by the repercussions of the pandemic, both the Parent Bank and CiviBank remained faithful to the fundamental role of territorial bank by dedicating significant resources and support in the economic, sports and cultural fields in the belief that they have the task of contributing to the growth and to the well-being of society, supporting the positive stimuli that come from the territory.
Details of the initiatives undertaken in the territories by the two banks are illustrated below.

SPARKASSE

Territory

Network between territorial banks at European level with Sparkasse in the front row
In Europe, the Parent Bank is part of an excellent network. Close links exist with Sparkasse Offenburg/Ortenau in Baden-Wurttemberg, Germany, which is also a shareholder of the same. In 2022, a specific meeting was held at the highest levels between the two Boards of Directors. As part of a visit, the German partners spent two days in Alto Adige. The topic of the meeting was possible future collaborations. Both Savings Banks act as "door openers" for their customers in their respective European partner countries. This collaboration underlines the essential nature of the territorial regional banks for the regional economic circuits that are the engine of small and medium-sized companies and family businesses and constitute the backbone of the economy. Especially in the difficult times that Europe is currently going through, this is of great importance.

Established a Competence Centre for economic, ecological and social sustainability
As part of the new "Competence Centre for economic, ecological and social sustainability", created in 2022 by the Free University of Bolzano, the Parent Bank, together with the Cassa di Risparmio di Bolzano Foundation, decided to finance a professorship on economic issues, confirming its desire to make long-term investments in sustainability.

Scholarship
Also in 2022, completing a five-year period, Sparkasse made available a scholarship of 60,000 dollars in order to allow a particularly deserving student of the master's degree course in Accounting and Finance of the Faculty of Economics at the Free University of Bolzano (Unibz), to attend one year at the New York University Stern School of Business, considered one of the most renowned Business Schools in the world, and obtain a double degree, Italian and US.

Agreement with the Union of Hoteliers and Public Operators of Bolzano
Sparkasse and the Union of Hoteliers and Public Operators (HGV) of Alto Adige have signed a new agreement, which provides for the offer, reserved exclusively to the approximately 4,500 members of HGV, of a complete package of products and services at favourable conditions. Sparkasse wants to best support hoteliers and restaurateurs with its investment and financing consultancy and to assist them in the implementation of sustainable projects.

Agreement with Confindustria and Assoenergia Trento in the face of the energy crisis
In response to the energy crisis, Sparkasse and Confindustria Trento signed an agreement for the granting of loans aimed at covering the higher costs incurred by companies as a result of the increase in energy and natural gas prices. The loans, agreed as part of the "Energy credit" agreement were reserved, at favourable

economic conditions, to the companies associated with Confindustria Trento and the Consorzio Assoenergia Trento. The agreement provides for the granting of unsecured mortgages, to be correlated with the higher costs for energy consumption incurred by companies.

Energy Protocol of the Autonomous Province of Trento

The Parent Bank has adhered to the Energy Protocol of the Autonomous Province of Trento, which provides for the disbursement of a subsidised loan with an interest contribution by the Autonomous Province of Trento. In particular, these are measures to support the liquidity needs of economic operators to counter the effects of the ongoing energy crisis on the economic system: long-term loans assisted by provincial contributions to reduce the cost of debt.

Agreement with ANACI Alto Adige for the payment of heating bills

Sparkasse also signed an agreement with ANACI (National Association of Condominium and Real Estate Administrators) Alto Adige, providing a bridging loan at advantageous conditions, in order to be able to pay any additional expenses not envisaged for heating costs, until completion of the related duties, i.e. completion of the meeting, approval of additional instalments and their payment.

Partnership with Avis Alto Adige

Sparkasse and Avis Alto Adige, the Italian Association of Blood Donors, have started a collaboration, aimed at promoting blood donation, both within the Sparkasse Group, which has over 1,800 employees, and externally among our stakeholders, as it is indispensable in first aid services, surgery and the treatment of serious illnesses. Donating blood is not only a gesture of solidarity, but it is also necessary, if we consider that blood cannot be reproduced in the laboratory and the demand is always very high.

Support for Aisla Trentino-Alto Adige

The Parent Bank supported the Italian Association of Amyotrophic Lateral Sclerosis (AISLA), office of Trentino-Alto Adige, to provide concrete help to ALS patients and their families. With the funds raised, it was possible to purchase an electro-medical device, a fundamental tool for improving the diagnosis of the disease in a timely and non-invasive manner. In this way, it will be possible to intervene early in the management of patients' respiratory failure. The handover ceremony took place at the NeMO Clinical Center in Trento, which treats people with neuromuscular diseases such as ALS. The purchase was possible thanks to Sparkasse and its customers. As a matter of fact, Sparkasse customers had the opportunity to donate Euro 1 to charity for each withdrawal at Cassa di Risparmio ATMs. Euro 27,931 were raised. Starting from this sum, Cassa di Risparmio increased the amount to Euro 35,000.

Charity action with Caritas in favour of Ukraine

Also on the subject of charity, a fundraising was proposed to support Caritas humanitarian aid in favour of the Ukrainian population, who found refuge in the reception centres set up by Caritas in Ukraine and neighbouring countries. Also here the Sparkasse customers had the opportunity to donate Euro 1 to charity for withdrawals at the Bank's ATMs. The amount donated was Euro 26,943, increased by the Bank to Euro 30,000. With the funds raised, it was possible to provide a further contribution to the humanitarian initiatives in progress, specifically the distribution of food, personal hygiene packages and other basic necessities. In addition, "child-friendly spaces" have been prepared, places where children traumatised by war can play and experience a bit of normality.

Events

RADAR, innovation with a view to sustainability

RADAR, the annual LDV20 Innovation Lab forum of Sparkasse, which rewards the best startups of the year and supports local companies to innovate by collaborating with innovative startups and SMEs from all over Italy, was a remarkable success. The focus of the 2022 edition was the theme "investments in ecological transitions and biotechnologies". The company Arxax, founded by two young women entrepreneurs, was rewarded as the best startup. The speeches dedicated to "ESG factors and ecological transition" by the various speakers were also very popular.

Governance and generational continuity in family businesses

An event that met with considerable participation was the meeting dedicated to the theme "Governance and generational continuity in family businesses", held at our Sparkasse Academy in Bolzano. Together with "The European House - Ambrosetti" and the Lunelli-Ferrari Group, the participants were able to obtain important information on the delicate and complex issue of generational transition in family businesses that are dominant in the Trentino-Alto Adige Region. The European House - Ambrosetti, partner of Sparkasse, is the first consultancy firm in Italy that has dealt with the generational transition in a structured way and that can mention the largest Italian entrepreneurial families among its customers and testimonials.

14th Global Forum Südtirol in the name of sustainability and nature positive economy

The 14th Global Forum Südtirol 2022 was held at Eurac Research Bolzano, dedicated to the theme "Sustainability - Nature Positive Economy", with Sparkasse as main sponsor. During the meeting, various concepts on the topic were discussed in depth by international and local speakers. The Global Forum Südtirol (https://www.globalforum-suedtirol.com) constitutes a unique network of decision makers, an independent "think tank" that provides food for thought and development on global trends and issues of the future.

Alto Adige Forum on Leadership

Sparkasse has become a new sponsor of the "Alto Adige Forum on Leadership" (https://www.staff-line.it/de/suedtiroler-fuehrungsforum.html), a platform for the exchange of high-level ideas for entrepreneurs and managers. The theme of the 2022 edition was "*Leadership: being a leader in times of crisis and uncertainty*". The speeches of prominent speakers who reported on topics such as "The succession of leadership in the family business: issues and best practices" and on leadership and corporate governance were very popular.

South Tyrolean Economic Forum

The Parent Bank is the main sponsor of the South Tyrolean Economic Forum (https://www.wirtschaftsforum.it), an inspiring meeting point for freelancers, entrepreneurs and managers, which has been a highlight for the economic fabric, not only locally, for almost 20 years now. The 2022 edition was dedicated to the theme "*The future after the Coronavirus: successful strategies in stormy times*". Among the speakers, entrepreneurs and experts from the economic world. The Forum is the ideal platform for a friendly exchange of knowledge and experience. The group of participants extends far beyond Alto Adige and offers excellent opportunities to reflect on their actions, obtain innovative impulses, cultivate dialogue and contacts with friends and partners.

"Tu sei sostenibile" (You are sustainable) project: rewarding students with the most innovative ideas

The "Tu sei" project (https://www.confindustria.tn.it/Progetto-Tu-Sei), which rewards the most innovative ideas from secondary schools throughout Trentino, is now in its 14th edition. The collaboration between school and business involves Confindustria Trento and the Autonomous Province of Trento, with the support of Sparkasse, in promoting initiatives to make companies and students dialogue through the sharing of common experiences. In the latest edition, the new project area "TU SEI SOSTENIBILE" was included. Participation was considerable: 16 sessions held involving 438 students, 20 companies and 18 schools. The awards ceremony dedicated to the best projects was held at the Mart Auditorium.

<u>Public Relations</u>

Sparkasse was present with information stands at the Fiera Hotel and Fiera Edilizia fairs
The Parent Bank was again present at the annual Fiera Hotel in Bolzano, with its own "mobile branch". The focus was Sparkasse Auto to promote long-term rental. A multivan van was displayed directly at our stand to attract the attention of those concerned. In addition, an exclusive "fair offer" was created, i.e. a promotional voucher that provides for the exemption of the first rental instalment.
As part of the annual Fiera Edilizia Abitativa, on the other hand, our staff provided personalised advice to those wishing to buy or renovate their home, illustrating the best solutions in the areas of financing and sustainability, ecobonus, and complete or partial renovation.

Artistic exhibition
"Messe in Luce" was the theme of the traditional pre-Christmas exhibition and the related artistic calendar of Sparkasse. The artistic products presented in the latest edition are exclusively works by women artists from our territory to whom we wanted to give ample visibility. At the centre of the exhibition were twelve works by artists, born and established in Tyrol, Alto Adige and Trentino at the turn of the nineteenth century and the beginning of the twentieth century.

Sponsorships

Significant resources are dedicated to supporting initiatives in the area of sponsorships to support and consolidate relations with the social and economic fabric, i.e. the external environment from which the Parent Bank draws its resources for its activities. The sponsorship activities, in addition to promoting the image and strengthening ties with the territory, represent an important relationship tool. Below we will mention some of the most important.

Sparkasse Arena
The "Palaonda" in Bolzano has become the "Sparkasse Arena". The Bank signed the relevant agreement with Seab, a company controlled by the Municipality of Bolzano that manages the plant, one of the largest covered multi-purpose facilities in the region. The same provides for the official name "Sparkasse Arena" as well as various other advertising services in favour of the "sponsor naming". The name "Arena" was not chosen by chance: the term is used nationally and internationally and refers to the sports stadiums and multifunctional facilities of the first order, including the Allianz Arena in Munich, the Red Bull Arena in Salzburg and Leipzig, the Groupama Arena in Budapest, the Dacia Arena in Udine, the Arena Garibaldi in Pisa and many others. The Sparkasse Arena, in addition to being one of the largest indoor sports facilities in our region, is the home of the HC Bolzano Foxes ice hockey team, of which the Bank is one of its historical sponsors. Finally, we consider the new collaboration relating to the Sparkasse Arena also an important economic support for the city of Bolzano, where the Bank has its roots.

Minibuses for sports clubs
In order to support sports clubs, the Parent Bank is offering a contribution towards the purchase of a new minibus to facilitate the transport of athletes to training and competitions and to make their trips more reliable. Added to this was the possibility of granting the contribution for a van also in the form of long-term rental, as part of the Sparkasse Auto offer. As part of our commitment to a sustainable world, the company also provides electric and hybrid vans. In the last three years, over 40 associations (of which almost twenty in 2022) in various territories have benefited from this form of support.

Team sports
Sparkasse believes in sporting passions and supports those who are committed to achieving large and small goals in professional and amateur sports every day.
For years, Cassa di Risparmio has been an important sponsor of football with FC Südtirol/Alto Adige which, after winning the Serie C Lega Pro championship now plays

in Serie B and competes with teams of the highest level and with great history such as Parma, Genoa, Brescia, Ascoli, Venice, Palermo, and the Hockey Club Bolzano Foxes in ice hockey that competes in the ICE Hockey League cross-border championship. These are two top teams at national and international level, examples of passion, enthusiasm, motivation and commitment, day by day, that lead to success.
In addition, Sparkasse is the "golden sponsor" of AC Trento. The Trento Football Association, founded over a century ago in 1921, plays in the Serie C Lega Pro and also has an important presence in the youth sector.
Cassa di Risparmio is also the official VIP-Sponsor of two men's handball teams, both in the A1 division. These are the SSV Bressanone, whose handball section has been active since 1971, and the SC Merano, which in 2022 celebrated its 50th anniversary (started in 1972), and which can boast numerous successes such as the Italian Cup and the Super Cup and was vice-champion of Italy on several occasions and won the national championship in 2005.
Sparkasse also supports the hockey teams HC Val Pusteria Lupi, HC Falcons Bressanone, HC Broncos of Vipiteno, Hockey Ritten Sport and the women's hockey team EV Bozen 84.
The same is a sponsor for the men's volleyball team Trentino Volley, present in SuperLega, and the women's teams Neruda Volley, Alto Adige Volley Südtirol (AVS) and SSV Bolzano Volley.
Also worth mentioning is the presence of the Parent Bank in the sport of basketball, where it is a sponsor of the men's team of Serie A Aquila Basket Trento, and of the women's teams ASD Basket Club Bolzano and Pallacanestro Sisters, both in A2.

Tennis

Tennis is considered a complete and harmonious sport, as it requires excellent both physical skills, including coordination, speed and endurance, and mental skills, including tactics, reflexes and intuition.
Sparkasse is the main sponsor of the "Sparkasse Challenger Val Gardena". The most important tennis tournament in Alto Adige was won by the German Oscar Otte. Also thanks to this victory, the tennis player managed to enter the ranking of the best 80 players in the world.
In addition, it also sponsors the ITF Future Tournament "Sparkasse Alperia Trophy", with a prize pool of 25 thousand dollars, organised by the Bolzano Tennis Club, a long-standing association of the capital city (established in 1929) inaugurated with the dispute of the national tournament.

Other sports sponsorships

In the summer of 2022, the best divers in the world, at the Italian Summer Championships, as part of a highly prestigious event, the "Bolzano Diving Meeting Alto Adige - Südtirol", measured themselves from the diving boards of the Lido di Bolzano.
The collaboration with Assisport Alto Adige/Südtiroler Sporthilfe continued, with the aim of helping and supporting young sporting talents. For over 15 years, the Bank has been the official partner of the association, which has supported so far more than 1,500 boys and girls, of whom various are top athletes at world level, like Dorothea Wierer, Laura Letrari, Manfred Mölgg and Christopher Innerhofer, winning Olympic, Paralympic, World and European titles. It is also the official sponsor of the Unione Società Sportive Altoatesine USSA, which for more than 40 years has promoted sport in the territory of Alto Adige through its affiliated sports clubs, which have now exceeded the number of 80 associations.
Sparkasse supports the young and promising cyclist Matteo Bianchi, considered one of the most promising young cyclists not only in Alto Adige, who experienced an exciting 2022, winning a double gold medal at the European under-23 Championships in Portugal, and then slipping a valuable silver medal around his neck at the European Championships in Munich His speciality is the stationary kilometre with a fixed gear bicycle, without brakes and gearboxes. He became the first Italian to drop below the minute, stopping the clock at 59"661.

Economy

For over twenty years, Cassa di Risparmio has been the main sponsor of Fiera Bolzano, whose goal is to multiply relationships, connecting people, markets and ideas, also through advanced physical and digital participation formats. Fiera di Bolzano has always been a meeting point for Italian companies and those from the German-speaking area and neighbouring countries, creating opportunities for concrete collaborations to spread knowledge and professionalism.
The same is the main sponsor of Confindustria Trento, which represents the interests and collective identity of Trentino companies and which today has over 600 member companies which in turn employ 30 thousand employees and the "Duemilatrentino - Futuro Presente" initiative, promoted by Confindustria Trento and supported by The European House - Ambrosetti. This is a major vision project on the challenges and opportunities that are opening up for the Trentino system for its economic-productive strengthening.

Culture and Art
The Parent Bank is a partner of major cultural events and is committed as a sponsor in cultural enhancement activities, supporting various institutions active in this sector.
In the field of music, the "Südtirol festival merano" is worth mentioning for its rich programme: an international and prestigious festival with music offered by various top-level orchestras. The Festival represents the excellence of events in Alto Adige, concerts of classical and baroque music, jazz and world music, chamber and vocal music with an audience from all over the world.
The partnership agreement with the Haydn Foundation of Bolzano and Trento, one of the most prestigious artistic institutions in Trentino-Alto Adige, continued. It promotes quality musical culture by offering the public unique experiences. The fields of activity include the symphonic concerts of the Haydn Orchestra, the opera program, and the Bolzano Danza Festival. In addition, Sparkasse supported the Haydn Foundation with a particular contribution, as it is qualified as a subject that can receive donations pursuant to Article 1 of Law 106/2014 (so-called "Art Bonus"), as it is recognised as a "Concert-Orchestral Institution" compliant with Law 800/1967 and holds the qualification "Theatre of tradition" pursuant to the decree of the General Manager of the Ministry of Cultural Heritage and Activities and Tourism of 16.01.2015.
Also worth mentioning is "Brixen Classics", which combines classical music with the best wines and the most renowned Alto Adige specialties.
The Bank is also the main sponsor of the Beauty Festival: from June to October, cultural events were held in the most evocative locations of Verona, Vicenza and the surrounding area, combining art, music, philosophy and entertainment. The leitmotif of the 2022 edition was: "Myths and taboos. Iconic characters and works between ideas and symbols". The philosophy of the festival is suggestive: our country is a world catalogue of Beauty. The Beauty of our territory is a heritage. And like all assets, they must be protected, valued and (if possible) left in a better condition than we received them.
Focus is also placed on theatre activities. The institute is a sponsor of the Teatro Stabile di Bolzano which, after the Piccolo di Milano, is the second "Teatro Stabile" in Italy, and is one of the most important cultural institutions in the region. In addition, it is the official sponsor of the Teatro Cristallo as well as of the theatre activity of the Südtiroler Kulturinstitut (SKI).

CIVIBANK

CiviBank Società Benefit has a business model oriented towards a positive impact on the community. This also translates into economic investments aimed at the social, cultural, sporting and moral growth of the community.

Local initiatives

Job Fair and ALIg 2022 Convention
CiviBank operates proactively through a strong investment in the future, for this reason it contributes to the organisation of the FVG Job Fair organised in Udine by the Association of Graduates of Engineering Management (ALIg). The event is an annual appointment not only awaited by the members of the Association, but also by students

and recent graduates, companies and entrepreneurs, professionals and the simply curious. Over a thousand young people participate every year in this meeting aimed at promoting employment. The programme is full of initiatives: in addition to the actual Job Fair, discussions and interviews with students and special guests animate the event.

"Fabbricare Società - 1st Forum of Benefit Companies"

CiviBank, the first Italian bank to have assumed the legal status of Benefit Company, actively participated in the 1st Forum of Benefit Companies organised by the Friuli Venezia Giulia Autonomous Region through Agenzia Lavoro & SviluppoImpresa. An event of national and international importance that touched all the regional capitals following a conference, relational and experiential format.

CiviBank and Uniud in support of students

CiviBank and the University of Udine renewed the agreement to offer Executive Master in Business Administration (EMBA) students a low-interest loan. Master's students will be entitled to a special "package", exclusive to the EMBA program, which includes subsidised financing for the Master and 1 year of free current account included. The subsidised loan CiviPrestito Master for students has particularly advantageous conditions, with the aim of covering the costs of enrolling in the high-level academic path of the Executive MBA. In fact, the programme is dedicated to professionals and managers who want to accelerate their professional growth with a path of excellence.

Events

2022 EcoCasa Fair

The Ecocasa fair, the event dedicated to green and sustainable construction, was held in Pordenone with CiviBank as the main sponsor. As a Benefit Company, CiviBank gives particular importance and attention to ESG (Environmental, Social and Governance) factors in its activities. Sustainability in the property sector is certainly one of the most important challenges of recent years, and one of CiviBank's objectives is to contribute to facilitating the transition for individuals and companies. CiviBank was present at Ecocasa with two objectives: to promote education, training and dialogue in local businesses on the issues of sustainability, energy resources and innovation and to facilitate the choices of sustainable construction and energy transition.

54th Barcolana - CiviBank sponsor of the"Maxi 100 Arca SGR"

CiviBank was among the sponsors of the boat of the Fast and Furio Sailing Team that competed during the 54th edition of the Barcolana, the international sailing regatta that took place in October in the Gulf of Trieste. The "Maxi 100 Arca SGR" is the first boat in the world to be certified for its ecological sustainability EPD (Environmental Product Declaration). The vessel is at the heart of a project that combines circular economy, environmental sustainability, innovation in the field of sustainable certifications and initiatives of social relevance. Therefore, the support of CiviBank could not be missing, which as a Benefit Company encourages and supports companies and projects that are inspired by ESG (Environment, Social and Governance) criteria for a sustainable future.

Public Relations Initiatives

Symphonies as a gift - Charity Christmas concert

During the Christmas holidays, CiviBank offered its community a Christmas symphony concert in collaboration with FVG Orchestra. The free concert was held at the Teatro Nuovo Giovanni da Udine. The initiative had a charitable purpose: during the evening all participants were invited to make a donation to the "Gervasutta" Institute of Physical Medicine and Rehabilitation in Udine. The goal was to contribute to a project for the construction of a gym for people who must learn to overcome architectural barriers. CiviBank donated Euro 25 thousand to complete the project.

Presentation of the book "Mercedes-Benz. A long history of dreams, technology and records"

In December, the presentation of the book "Mercedes-Benz. A long history of dreams, technology and records", at the Autotorino Mercedes-AMG dealership in Tavagnacco (Udine) was held. The event in collaboration with CiviBank presented the work carried out by the authors (Nicola D. Bonetti and Roberto Bruciamonti) and by Gaghi Editore on behalf of CoBaPo (Consorzio Banche Popolari di Bologna). The presentation was attended by fans of the Mercedes brand from all over the region.

2023 Calendars

The 2023 institutional calendar of CiviBank is an initiative to enhance the beauty of the area which, thanks to the charm of the photographs by Michele Brusini and Michele Zuliani, gives emotions for an entire year. CiviBank Società Benefit has made a promise to the Northeast: to be a point of reference for its people and families, to support businesses and the non-profit sector by operating in a responsible and sustainable manner, with a view to global well-being. With the 2023 calendar, CiviBank wants to tell the beauty of the local mountains and valleys. A year-long look to remember the value of nature, the importance of respect for the environment, the infinite beauty of the territory we live in, to be rediscovered day after day.
CiviBank also supported the creation of the calendar (*Lunari*) of the Friulian Philological Society, an editorial initiative that brings out and disseminates the interesting historical heritage of Friuli, and of the Friuli Venezia Giulia Wine Tourism Movement, with the illustrations presented at the 23rd International Competition of satirical cartoons dedicated to wine.

Sponsorships

CiviBank, aware of the fundamental role it plays in the development of the socio-economic and environmental context, identifies its strategic choices and areas of intervention towards the community in line with the business objectives according to the principle of creating shared value. Knowing how to combine business logic with socially responsible action is a distinctive and characterising element for the Bank of its nature as a local bank. Only balanced economic and social development can foster the sustainable growth of an organisation.
As part of its statutory and institutional duties, CiviBank directly supports solidarity, cultural and sports initiatives for the development of the community in which it operates, through donations, sponsorships and advertising contributions.

Sport

CiviBank maintained its active presence in the sports and leisure sector, ensuring its support for sports clubs, which are an important form of social aggregation.
Worthy of note are the support to the local basketball teams APU Amici Pallacanestro Udinese and United Eagles Basketball that play in the national A2 series and the contribution to the satellite women's and youth teams.
CiviBank supports women's volleyball by sponsoring the Imoco Volley team, winner of the 2023 Italian Cup.
The partnership agreement with Udinese Calcio, a historic sports organisation that plays in the A series, was also renewed.
CiviBank did not miss its support to the world of cycling by supporting the activities of local teams, including the A.S.D. Rinascita Friuli. It also renewed its support for athletics by sponsoring the "Città di Udine" International Marathon, a road running event included in the national FIDAL calendar.
The Friuli-Venezia Giulia Rally is also one of the events supported during the year: in addition to being a much-awaited event for enthusiasts, it allows participants and spectators to get to know and appreciate the beauty of the Friuli region.
CiviBank was one of the supporters of the Friulian swordswoman Mara Navarria, the 2018 world swordswoman who is preparing for the next Olympics in Paris: sport is a great vehicle for education in respect and personal tenacity and an important tool for the sociality of young people who must be valued and supported.

Local economic realities

The promotion of the territory is another of the prerogatives of CiviBank and the support for territorial development initiatives demonstrates this.

The Bank renewed its support for the FVG Wine Tourism Movement, a non-profit association that counts among its members the most prestigious wineries in the Friuli Venezia Giulia region. With its constant commitment, the FVG Wine Tourism Movement aims to increase the wine tourism sector, which represents a fundamental economic resource for the development of the territory and an effective tool for protecting the environment. In fact, on the one hand the Movement wants to make wine tourists more aware of the activities and products of the participating wineries, and on the other to offer an example of how to do business in respect of traditions, environmental protection and quality agriculture.

CiviBank sponsored the new edition of "Aria di Friuli Venezia Giulia", the festival of San Daniele ham and food and wine products from Friuli-Venezia Giulia. The event, organised by the San Daniele ham consortium, attracts thousands of visitors every year even from abroad.

Craftsmanship in the food and wine sector is an appreciated and sought-after aspect, for this reason the Bank sponsors the Etica del Gusto Ets activities, a non-profit association that brings together more than thirty artisans from Friuli Venezia Giulia, employed in the pastry sectors, ice cream, bakery and chocolatier. All the members share the attention to the ethical aspect of the work, the care with which the raw materials are chosen, of excellent quality, and the meticulous processing of the products.

CiviBank supports the activities of the Pordenone Association "Sviluppo e Territorio" to restore competitiveness of trade in the urban centre made up of shops and local shops that not only carry out economic activities, but also represent a social adhesion.

Culture
CiviBank continues to enhance the culture and historical heritage of the area, in the belief that this commitment plays a decisive role in terms of impact, including economic.
The Bank is a sponsor of MittelFest, the multidisciplinary (theatre, music and dance) and international Festival that operates in two directions: on the one hand as a showcase of Central European live entertainment in Italy, and on the other as a cultural institution rooted in the Cividale del Friuli area. The Association acts as a bridge between the national and Central European dimensions.
CiviBank renewed its support for the Teatro Nuovo Giovanni da Udine Foundation and the Luigi Bon Foundation for the organisation of the theatre and music season.
By choosing to be once again a partner of Pordenolegge.it - Book Festival with the authors, CiviBank reiterated the importance of spreading culture at all levels and promoting the territory to contribute to the social growth and well-being of those who live and work here.
Among the beneficiaries of the bank's support were the De Claricini Dornpacher Foundation in Moimacco (Udine), for the dissemination of local history, culture and art, and the Udine Cultural Association "Vicino Lontano", which organises the Festival of the same name with the participation of scholars, journalists, writers and artists of international prestige who interact with each other and with the public to analyse, from different points of view, the ongoing transformation processes in the globalised world, in the economic, social, cultural and geopolitical fields, with the aim of investigating their reasons, mechanisms, meanings and perspectives.
CiviBank was a partner of the Festival è Storia of Gorizia, characterised by meetings on topics of great importance with a multidisciplinary approach. During the days of the Festival there are meetings which bring together the most authoritative voices that animate the research and the international historical-cultural debate, book presentations, shows, exhibitions, screenings and testimonies. The Kulturni Dom Association of Gorizia also benefited from the support of the Bank for its cultural activity as a meeting point between Slovenian, Italian and local Friulian cultures.
The Bank approved its contribution to the Cultural Association Comitato di San Floriano (Illegio di Tolmezzo) for the organisation of the exhibition "The beauty of reason" with international art masterpieces, which staged seven centuries of beauty,

from the fourteenth century to the early twentieth century. CiviBank also supported the organisation of the exhibition "Feudatari, cavalieri, crociati. Il Castello dei Signori di Attems nel Friuli patriarcale" organised by the Friulian Society of Archaeology at the National Archaeological Museum of Cividale del Friuli: an exhibition project to share the contribution that twenty years of excavation campaigns have offered to knowledge of the territory.
The FVG Orchestra - Musical and Symphonic Institution of Friuli-Venezia Giulia was the protagonist of the CiviBank Christmas Concert: a reality that aims to collect and give structure to the important legacies left by the many musical realities of the regional territory. Therefore, an investment in music with a direct positive impact on the territory.

CiviCrowd - Community of values
During 2022, the innovative CiviBank initiative "*CiviCrowd - Communities of values*" *www.CiviBank.ideaginger.it* continued to help third sector companies to exploit the potential of crowdfunding (online fundraising) in order to implement projects of impact for the territory.
Economic support, training support and a new technological tool are the cornerstones of CiviCrowd, which relies on the support and experience of Ideaginger.it, the crowdfunding platform with the highest success rate in Italy.

6.5 Public Entity Treasury

In 2022, the Parent Bank managed treasury/cash services for 149 Public Entities, the most important of which are the Autonomous Province of Bolzano, the Alto Adige Health Authority, the Social and Economic Development Agency - ASSE, the Institute for Social Housing - IPES, the University of Bolzano and 20 municipalities.
Eight unused accounts were closed and an additional current account was opened for the IPES entity.
In order to encourage our entities to switch to the IT mandate in 2022, there are 7 entities left in paper format, one of which, namely the Bonifica Monte Salorno consortium, will switch to digital format by the end of 2023.
The number of mandates and reversals at the end of the year is approximately 1,520,000 for an amount of around 20 billion, a situation therefore stable compared to 2021.
During 2022, CiviBank managed 42 Treasury relationships on behalf of Public Entities: 26 municipalities, 8 schools, 4 retirement homes and 4 sundry entities. In the same period, 3 new agreements were activated while 5 accounts were closed. During the year, 149,300 mandates and reversals were handled.

6.6 Personnel Area

Personnel - Cassa di Risparmio di Bolzano
The year 2022 was characterised by a gradual return to normality from the point of view of the COVID-19 health emergency, which had strongly impacted the activities and working methods of various structures of the Bank in previous years. The extension and harmonisation of personnel development and training processes to the group companies was also started, an activity that will see a gradual implementation in 2023 and in the years to come.

WORK QUALITY AND WELFARE
In this sense, and with a view to confirming the particular regard for the health of personnel had in the pandemic period, in view of the announced termination of the health emergency at national level that would have made it impossible to continue the use of the simplified Smart Working tool, in March 2022 an agreement was signed with the Trade Unions for Smart Working (introduced in a structural manner starting from May, with a pilot phase until the end of the year), thus allowing the Bank and its staff to continue to adopt suitable prevention measures in the still existing cases of isolation and/or contagion from COVID-19 and, above all, to still be able to enjoy flexible working methods useful for the reconciliation of life and work.

In parallel with the adoption of Smart Working, which is the most important measure introduced in 2022 in the context of the management of the "new normal", the initiatives launched in previous years continued, and in particular, activities were intensified on the subject of Welfare, understood as "well-being", both personal and corporate, which represents a point of increasing attention and will remain highly topical for the coming years.
In fact, the Bank has long been committed to improving the well-being of its employees and increasing the quality of the workplace, also through the management of corporate Welfare institutions, such as health care, supplementary pensions, as well as measures of flexible working hours and initiatives to support working mothers, in the logic of work-life balance, paying particular attention to personnel with minor children, personnel with disabilities or with family situations affected by particularly burdensome forms of assistance.
In confirmation of this strong focus, the Bank has already held the Family and Work Audit certification issued by the Autonomous Province of Bolzano since 2021, which represents recognition of what the company has already implemented in terms of family-oriented personnel policy, and at the same time has committed the company, with a structured three-year plan, to developing further initiatives in a logic of increasing awareness of the importance of the family within the company policy. Among the initiatives promoted and implemented in the 2022 financial year, we find for example the aforementioned introduction of structural Smart Working, as well as various information and training courses for staff on parenting issues ("Parents today! The challenges of parenting") and well-being ("Individual well-being for organisational well-being"), which will continue in 2023 with in-depth studies on the issues of caregiving and nutrition.
Also for the year 2022, the agreement for the voluntary suspension from work was renewed with the Trade Unions and the flexible working hours were reconfirmed both at the Headquarters and in the Network, already introduced in the 2021 financial year. The percentage of part-time employment contracts remained high, confirming itself as a particularly used method also in consideration of the significant presence of women in the company workforce: at the end of 2022, the percentage of employees who used them was 23%.
Also in the year 2022, the agreement on the VAP company bonus was signed with the Trade Unions, which will allow employees to take advantage of the tax benefits arising from the awarding of the bonus to Welfare.
The bank has also successfully obtained ISO 45001 Certification, for the adoption of its Occupational Health and Safety Management System in every operating site of the Bank, including the entire network of over 100 branches. This certification highlighted the organisation and quality of the training and refresher courses provided by the Personnel Training Unit in collaboration with the OSH Manager.

TRAINING AND PROFESSIONAL QUALIFICATIONS
The training courses provided by the Bank in 2022 were developed in response to the social responsibility objectives (CSR) that the Group has set itself and in line with the regulatory, commercial and strategic needs, providing for the support of the competent functions (specialist and business), as well as and control functions, where necessary. The 2022 training offer made available by the Bank and used by all staff covered various thematic areas, through online courses, classroom courses and "blended" courses.
At the beginning of the year, following the definition of the Smart Working structural agreement, the "Smart Working & Smart Behaviour" training course was offered, with the aim of introducing all staff to the levers of change related to smart working, and to the Managers the importance of setting the work of the team from a "Results Driven" perspective.
On a relevant target of network consultants, internal trainers provided the "Guidelines for qualified consultancy" course, aimed at providing a general overview of the technical and commercial knowledge and of the relational and managerial skills necessary for carrying out specialist consultancy with portfolio management.
Thanks to skill mapping by professional figure and post-assessment re-skilling projects delivered at the beginning of the year, courses were scheduled in MiFID 2, IVASS and

EFA areas on topics such as trading, diversified portfolio management, behavioural finance management, the use of Sparkasse 360 as a consultancy platform and risk management.
There is a significant commercial need on the subject of pension plans, for which the "Advanced Pension Plan" training course was organised to strengthen knowledge and skills in the field of pension planning. The internal trainers then in turn brought this content to classrooms in the presence of the sales network, in order to provide an in-depth overview of the pension and social security context as well as the use of the pension segment to the Sparkasse 360 platform.
At the same time, initiatives dedicated to the Virtual Consultancy Business Unit continued, both in terms of training and as individual coaching paths (through listening in two headsets), with the aim of strengthening the skills of remote consultants in approaching customers remotely.
Particular focus during the year was on ESG, an increasingly important driver for the Bank. The internal work table in particular highlighted a series of issues on the people/company factor that represent some of the main levers to integrate social sustainability on which the Bank will work in the coming years. Specifically in 2022, investments in training projects and initiatives on the theme of "Diversity, Equality & Inclusion" continued, in collaboration with the Valore D company, in order to encourage the adoption of actions and measures for promoting respect and integration between people and develop a functional cultural approach to an inclusive work environment. Two remote workshops were organised (in Italian and German) entitled "Social Diversity & Inclusion - Manage Diversity = manage our BIASES" aimed at understanding the reasons why it is useful to enhance diversity in a working group.
In addition to the personal/social sphere, there were several initiatives covered in the ESG area: numerous classrooms were provided by internal trainers on the sales Network, to make people understand how the Bank has integrated the sustainability factors into its financial consultancy process, having clear the regulatory requirement and the operating methods to be followed in day-to-day operations.
The professionalisation paths linked to the granting of credit also continued: several collaborators were certified Basic Credit and Advanced Credit. In addition, the colleagues of the sales Network were updated on the changes introduced by the EBA/LOM regulations and on the related tools.
In general, the training courses organised by the Bank continued throughout the year 2022, in compliance with regulatory, tax and legal obligations (such as anti-money laundering, occupational safety, transparency, 231/2001, business crisis codes etc.), the launch of new procedures and new products/services, in addition to the training for New Hires and Apprentices provided on an ongoing basis.

SCHOOL, UNIVERSITY AND TALENT SEARCH
In order to make Sparkasse attractive and to introduce the Bank to young people, allowing them to enrich their school and academic career through work experience, also in 2022, the Bank has continued to collaborate with schools and universities. Unlike the last few years, with the end of the health emergency due to the COVID-19 pandemic, the Bank was able to resume hosting summer trainees in its branches and to organise school-to-work alternation courses, in addition to continuing with the internship projects at Headquarters, which were widely used, particularly curricular and extracurricular ones.
In this respect, relations with several universities were intensified and the intense collaboration with the Free University of Bolzano continued, with the aim of pooling training initiatives and sharing professional growth of recent graduates with potential, including through support for degree courses and academic initiatives of various kinds. In particular, since 2018, i.e. the first year of its introduction, Sparkasse has been an official partner of the Master's Degree course in Accounting & Finance, offering a degree prize in cash every year to be awarded to the most deserving thesis and several scholarships in favour of the best students, who thus had the opportunity to attend the second year of the course at Baruch College in New York with which the Free University of Bolzano has an agreement for the Italy-USA double degree. Since 2022, following the agreements made by the Free University of Bolzano and the re-confirmation of the partnership, the Bank can guarantee a scholarship for each academic year at the New

York University Stern School of Business, considered one of the most renowned Business Schools in the world.

<u>EXTENSION OF PERSONNEL DEVELOPMENT AND TRAINING PROCESSES TO GROUP COMPANIES</u>
Following the acquisition of CiviBank S.p.A., the process of harmonisation of the practices and projects in place at the Parent Bank was launched in the second part of 2022, aimed at also enhancing the staff and skills of CiviBank within the context of development initiated for years at Sparkasse. The first initiatives concerned the expansion of the design of courses (which will be implemented in 2023) aimed at supporting the change phase through traditional (training on the job, coaching etc.) and innovative (video clips, virtual classrooms and distance) formulas and methodologies. At the same time, the procedures for the sharing of the e-learning platform already used in the Parent Bank were launched, analyses were started on the current welfare and supplementary pension offer of the two banks, and the foundations were laid to activate parallel initiatives of new group welfare and personnel development projects.

Group workforce at 31.12.2022
At 31 December 2022, the number of employees on permanent/fixed-term/internship contracts was 1,896, of which 922 were women and 974 were men (the Group's numbers include all employees, and also include those in Munich and Sparkasse Haus (not included in the ABI collective agreement) totalling 7 in 2022).
A total of 963 employees, compared to 957 at the end of 2021, of which 227 with part-time contracts (exactly the same as in the previous year), are active in the province of Bolzano. A further 421 employees (334 in 2022), of which 72 part-time (71 in the previous year), are active in the Province of Trento, in Veneto and Lombardy. With the acquisition of CiviBank, a further 508 employees are added in Friuli-Venezia Giulia in 2022, of which 45 with part-time contracts. Another 4 employees, of which 1 with a part-time contract, are active abroad, at the Munich office. The number of actual employees, in service with permanent/fixed-term/internship contracts (excluding staff on leave), calculated with the "Full-time equivalent" method, i.e. by calculating part-time employees and interns in proportion to the hours of actual presence, is as follows:

	FULL-TIME EQUIVALENT EMPLOYEES		
	Permanent	Fixed-term	Internship
Cassa di Risparmio di Bolzano S.p.A. (including Munich Branch)*	1,092.89	32.00	53.00
Sparim S.p.A.	15.53	0.00	0.00
Sparkasse House	3.00	0.00	0.00
Banca di Cividale S.p.A – Società benefit	535.56	4.00	14.00
Total	**1,646.98**	**36.00**	**67.00**

*At the end of 2022, at the foreign unit in Munich there were 4 employees (3.5 calculated with the "Full-time equivalent" method), registered for all purposes abroad.

6.7 Research and development

The Parent Bank continues its plan to develop and innovate channels and services to customers, based on the needs expressed by customers and stakeholders, and in line with the main market trends. The main areas under development are: Digital Innovation (with an expansion of services offered in the area of Mobile and Internet Banking, as well as those related to Digital Onboarding), Open Banking (with integration of the banking offer through more extensive innovative services), Credit Management (for an efficiency boost in the processes of monitoring, disbursement and credit management) and Active PSD2. These activities will be fully implemented as early as 2023 in full synergy with the subsidiary CiviBank.

6.8 Real estate and lease sector

The subsidiary Sparim S.p.A. holds the largest portion of the Group's property assets, specifically the operating properties used by the Parent Bank in carrying out its institutional activities. Sparim also holds a portfolio of non-operating properties managed, for the most part, according to a "core" strategy, and a portfolio of properties acquired as part of the Parent Bank's credit recovery activities, actively participating in the assignment processes (auctions) of property collateral. On the other hand, CiviBank holds the portfolio of operating property and that relating to the recovery of impaired loans in a direct manner, also with reference to lease activities.
Ultimately, Sparim is entrusted with support activities for the Parent Bank, in addition to supporting the Parent Bank in terms of management of the property component used in banking activities (Facility Management, Property Management etc.). The Company is responsible for enhancing the value of the property portfolio held for investment purposes and supporting the Parent Bank in credit recovery activities.
That said, in 2022 Sparim recorded a positive result of Euro 10.3 million (Euro 15.8 million in 2021). It should be noted that within the scope of the consolidated financial statements, intra-group components were eliminated and therefore, to this end, part of the Group's real estate revenues and costs commented on in this paragraph are not reflected in the Group's financial statements.
Sparim's "Total revenues" amounted to Euro 29.7 million (Euro 23.5 million in 2021) and consists of: rental income of Euro 11.2 million (Euro 10.8 million in 2021), other revenues and income for Euro 1.3 million (Euro 1.1 million in 2021), revenues from the sale of goods for Euro 17.1 million (Euro 11.7 million in 2021).
Sparim's "Operating costs" amounted to Euro 23.8 million (Euro 14.9 million in 2021); the increase compared to the previous year is mainly to be attributed to higher costs related to the item, "Change in inventories of goods".
The fair value measurement of owned real estate assets, carried out by an independent external appraiser, showed an overall positive result of Euro 8.7 million (positive for Euro 0.1 million in 2021).
The balance of the item "Income taxes for the year" amounted to Euro 4.3 million (positive for Euro 7.1 million in 2021 due to the realignment, for tax purposes, of the higher values recorded in the financial statements with reference to properties owned, pursuant to Article 110, paragraph 8, Law 104/2020).
In light of the above and the effects of taxation on the income for the year, in 2022 Sparim recorded a net profit of Euro 10.3 million (Euro 15.8 million in 2021).
With regard to CiviBank's lease business, it should be noted that the leasing market in 2022 recorded an overall increase of 9.7% in volumes and 5.6% in the number of contracts signed, registering an excellent product performance. CiviBank continued its development of the lease product, recording an increase of 15.6% in 2022 and confirming the quality of the service offered with growth of double the market trend in the two-year period. The direct management of the product, by means of a specific division, made it possible to develop a complete service to customers, combining the benefits of lease with the consultancy and management of national Sabatini and regional Sabatini facilities in Friuli-Venezia Giulia, as well as the use of subsidised funds and MCC and Confidi guarantees, in a single offer and a single customer service. Operations covered not only the capital goods and real estate sectors, but also the nautical and vehicle sectors, which are the subject of the greatest growth in the market, as well as prevailing in terms of both volume and number of transactions, typically the prerogative of specific product companies The nautical and vehicle sector accounted for 58% of the new contracts, which reached a value of 97.8 million, with a total outstanding amount of 293 million. CiviBank's wide-ranging specialisation has therefore allowed it to serve its customers at 360 degrees, covering all their needs and creating new opportunities for business development, including new customers.

Product diversification has resulted in excellent risk diversification both by counterparty and by asset type, with clear benefits in terms of risk containment.

7 Equity investments and interests

7.1 Main functional minority interests

Autosystem S.p.A.

Autosystem S.p.A. is a company that deals in short-, medium- and long-term vehicle rental, operating mainly in North-East Italy and Lombardy with over thirty years of experience in the field. The figures at 31 December 2022 show total assets of Euro 60.8 million and a net profit for the year of Euro 3.3 million.

In 2021 the Parent Bank acquired equity investments amounting to 25% of the company's capital. As a result, three executives from within Cassa di Risparmio joined the company's Board of Directors, one of whom holds the position of Vice-Chairman. They will remain in office until the approval of the 2023 financial statements.

Help Line S.p.A.

Help Line S.p.A. is the Contact Centre of the NEXI Group and was established in 2010, as part of the broader integration project between the companies belonging to the NEXI Group, from the merger of the companies Help Phone S.r.l., Si Call S.p.A. and the subsequent incorporation of the Help Desk branch of CartaSi S.p.A. Helpline manages, for all the companies of the Nexi Group and for other companies in the market, pre- and post-sales assistance and information services, customer care services and management of promotional initiatives. It is also specialised in outbound campaigns, from surveys to the promotion and launch of new services, from the management of appointments to promotional actions. The shareholders of the company are NEXI with a 70.32% interest and Banca di Cividale with a 29.68% interest.

ACIRENT S.p.A.

The company, which is part of the Automobile Club di Udine (ACU) group, operates specifically in the short- and long-term car rental sector. The company represents the Hertz brand in Friuli Venezia Giulia and in part of eastern Veneto: the stations in Udine, Trieste, Pordenone, Feltre and at the Airport of Ronchi dei Legionari are managed under franchise, while Treviso Airport is managed as an agency. The company, which has developed twenty years of experience in the management of car fleets for rental without a driver, also operates in the long-term rental sector for companies and individuals, in synergy with the activities of the ACU Group, whose technical and organisational support it avails itself of for the management of leased car fleets (mechanical workshop, roadside assistance, logistics support, etc.). The shareholders of the company are Autoservice Srl with a 70.0% interest and Banca di Cividale with a 30.0% interest.

CiviESCO SRL

CiviESCo is an Energy Service Company operating in the field of energy efficiency in North-East Italy. It is active in the collection and analysis of energy consumption, providing consultancy for high-yield cogeneration, efficient user systems and white certificates management recognition procedures. It also offers technical solutions to achieve energy consumption reduction objectives by adopting economic sustainability criteria. During the year, CiviBank sold 80% of its shares to Idealservice Soc. Coop. At 31 December 2022, the shareholders of the company, which in the last quarter was placed in liquidation, are Idealservice Soc. Coop with an 80.0% interest and Banca di Cividale with a 20.0% interest.

8 Other significant information

8.1 Business plan

In this regard, it should be noted that in the first part of 2023, Cassa di Risparmio will approve the Group Business Plan for the 2023-2025 three-year period. With the new plan, the Cassa di Risparmio di Bolzano Group will set itself the objective, in its new geographical configuration, of positioning itself as one of the most solid banks in Italy, with a marked sensitivity to issues of sustainability and innovation at the service of families and businesses in the territories in which it operates, wanting to pursue an ability to generate satisfactory profitability. The planned path intends to further enhance what has already been achieved with the previous Strategic Plan, the objectives of which have been achieved and exceeded in advance.

8.2 CiviBank business combination - application of IFRS 3 "business combination"

The business combination took place through the favourable outcome of the the Public Purchase Offer, which allowed the purchase by Cassa di Risparmio di Bolzano of an additional 15,488,884 shares of Banca di Cividale S.p.A. - Società Benefit (in short also "CiviBank") which, together with the 4,521,925 shares already held, lead to a total interest of 75.6% of the share capital of CiviBank (79.1% of the shares outstanding).
This transaction also allowed the purchase of an additional 9,244,527 warrants which, together with 1,557,450 warrants already held, lead to a holding of approximately 68.79% of the outstanding warrants.
Through the takeover bid, Cassa di Risparmio di Bolzano obtained control of CiviBank. This transaction makes it possible to pursue a significant improvement in the strategic positioning of Cassa di Risparmio di Bolzano and CiviBank, implementing a consolidation transaction capable of positioning the new banking group as the first independent credit operator based in the North East, ranking among the top five players operating in the reference areas.
This transaction is part of the current consolidation scenario in the banking sector. In fact, it is believed that the pursuit of important economies of scale related to the increase in the size of intermediaries is a critical factor in ensuring sustainable growth and profitability and responding to difficult market challenges.
The transaction described above is configured as a Business Combination for the purposes of IFRS 3, having satisfied the conditions required by the standard for the identification of an acquired "business".
IFRS 3 requires that all business combinations that involve the acquisition of control of an entity are accounted for on the basis of the acquisition method.
On the basis of this method, at the acquisition date, the acquirer must allocate the cost of the business combination (so-called "Purchase Price Allocation - PPA") by recognising the assets, liabilities and contingent liabilities at their fair values at that date. Any difference that may arise between the cost of the business combination and the fair value (net of deferred tax effects) of the assets, liabilities and contingent liabilities determines, if positive, goodwill to be recognised under the balance sheet items; if negative, it determines a "badwill" or "negative goodwill", which will be recognised in the income statement as a "profit" deriving from the transaction.
IFRS 3 allows the definitive allocation of the cost of the business combination to be made within 12 months from the acquisition date in order to allow the company to

acquire the information necessary to measure the fair value of the assets and liabilities transferred.
This possibility is given to the companies in order to adequately reflect the information that the acquirer is not necessarily aware of at the acquisition date.
The PPA process is fundamental for the purposes of determining the RWAs, intangible assets and regulatory capital, as well as the future profitability of the combined entity.
The business combination, as structured, identified Cassa di Risparmio di Bolzano as the acquirer and Parent Bank of the Company, as it meets the conditions established by IFRS 10. In particular, the following should be noted:

- Cassa di Risparmio di Bolzano is the entity that transferred the cash and cash equivalents, qualifying as an acquirer according to IFRS3 B14;
- Cassa di Risparmio di Bolzano holds 75.6% of the voting rights in the entity resulting from the acquisition;
- With the shareholders' meeting of Banca di Cividale of 6 June 2022, Cassa di Risparmio di Bolzano appointed the majority of the directors of CiviBank's Board of Directors, equal to 8 directors out of a total 9.

Acquisition date
In a business combination, it is essential to determine the acquisition date, i.e. the date on which the acquirer actually obtains control of the acquired party. The determination of the acquisition date is also important because it is only from the moment control is achieved that the results of the business or of the investee companies acquired are included on a line-by-line basis in the economic and financial situation of the acquirer. It is also the date on which the fair value of the assets and liabilities acquired are measured.
With reference to the transaction in question, the acquisition date was identified as 6 June 2022, i.e. the settlement date of the takeover bid through which, against the transfer of the consideration, Cassa di Risparmio di Bolzano acquired ownership of CiviBank shares equivalent to 75.6% of the Bank's share capital (79.1% of the outstanding shares). It is from that date that Cassa di Risparmio di Bolzano acquired control of CiviBank pursuant to IFRS 10.
The acquisition date for the purposes of the PPA was conventionally identified as 30 June 2022, since IFRS 3-BC110 allows the entity to designate as the acquisition date the beginning or the end of the month in which the acquisition took place, unless the events between the two dates involve significant changes in the amounts recognised. In the case in question, Cassa di Risparmio di Bolzano carried out an analysis of the changes between the two dates and believes there are no significant impacts deriving from these assumptions.
Initially, Cassa di Risparmio di Bolzano analysed the significance of any differences deriving from the consolidation at 6 June 2022 (Closing date of the Transaction) compared to 30 June 2022, the reference date of the PPA. Assuming a result in the period 6 June 2022 - 30 June 2022, purged of the extraordinary adjustments on CiviBank's separate financial statements relating to receivables and properties at 30 June 2020, would see the generation of i) a lower Bargain if the acquisition date had been set at 6 June compared to 30 June, deriving from the lower starting Shareholders' Equity (related to the profit generated in the period) and ii) a higher consolidated profit in the assumption of acquisition date set at 6 June compared to 30 June due to the consolidation of the profit for the period achieved by CiviBank. Cassa di Risparmio di Bolzano concluded that the differences were not relevant, considering the non-materiality of the amounts (profit for the period net of extraordinary write-downs of approximately Euro 1 million) and the substantial irrelevance of the impact of the different methods of representation (lower Bargain offset by a higher consolidated profit).
Subsequently, Cassa di Risparmio di Bolzano assessed the significance of any impacts deriving from the valuation of the most significant items subject to the PPA. In particular:

- HTC securities: the difference between the fair value and the carrying amount of HTC securities at 6 June 2022 differs from that recognised at 30 June 2022 at the time of the PPA for Euro 2.6 million. This difference was deemed to be insignificant overall;

- Performing and non-performing loans: the discount rate used to calculate the fair value was inferred through the use of average parameters (risk free, etc.) over a time horizon of 6 months or from specific parameters not subject, however, to frequent updates (MRP, ARP, etc.). This aspect reduces the significance of the impact of the acquisition date on the determination of fair value;
- Property: no impact on the valuation deriving from the difference between 6 June and 30 June;
- Provisions for risks: no new lawsuit or significant update on disputes with "possible" outcome between the two reference dates;
- Intangible assets: the use of indirect funding at 31 May (closest available date to 6 June 2022) would result in a lower Client for approximately Euro 0.6 million (net of the tax effect). The same considerations applied on the discount rate reported in the previous bullet points for the receivables. This amount was considered insignificant.

Determination of the acquisition cost

The Transaction involved the acquisition by Cassa di Risparmio di Bolzano of 15,488,884 shares for a total cost of Euro 100.7 million, paid on 6 June 2022. With regard to the 4,521,925 shares of CiviBank previously held by Cassa di Risparmio di Bolzano, these must be valued as established by IFRS 3 at fair value equal to Euro 6.5 per share and corresponding to the value offered by Cassa di Risparmio di Bolzano at the time of the takeover bid. This amount, equal to an additional Euro 29.4 million, will be charged to the acquisition cost.
In addition, the Transaction entailed the acquisition of a total of 9,244,527 Warrants for a total cost, paid on 6 June 2022, equal to Euro 1.5 million, charged to the acquisition price. As established by the Offer Document on the warrants acquired, Cassa di Risparmio di Bolzano will have to pay an additional deferred consideration of Euro 0.40 per Warrant, subject to "the Participant in the Offer on the Warrants having complied with all of the following requirements (to be intended as cumulative and not alternative to each other) in the period between the Relevant Date (i.e. 22 March 2022) and 30 June 2024, without interruption:
(a) having maintained all contractual relationships in place at the Relevant Date (i.e. 22 March 2022) with CiviBank (without prejudice to the possible termination of loan agreements ...);
(b) having maintained the status of Active Customer, ..., i.e. that during this period it has carried out at least one transaction on its own initiative ...;
(c) not having been in default with respect to obligations of reimbursement or other nature, towards CiviBank".
The Deferred Consideration for the Warrants can be configured as Contingent Consideration as defined by IFRS 3.39-4 and whose fair value, determined at the acquisition date, must be included in the acquisition cost.
The fair value of the deferred consideration is calculated by multiplying the average customer retention percentage by the number of active customers participating in the takeover bid on the warrants as defined in the Offer Document, equal to 6,401,693, for the price offered at the time of the takeover bid, of Euro 0.40 per warrant. Therefore, the fair value of the Deferred Consideration was estimated at Euro 2.1 million.

Accounting effects of the PPA

It should be noted that already with reference to 30 June 2022, Euro 108.8 million relating to the badwill emerging from the provisional Purchase Price Allocation (PPA) process required by IFRS 3 "Business Combinations" with respect to the acquisition of control of CiviBank carried out in June 2022, were recognised under the item 230 of the income statement "Other operating income/expenses". The PPA process relating to the assets and liabilities subject to acquisition measured at fair value resulted in the allocation of Euro 21.6 million, gross of taxes.

Moreover, subsequently to the additional information collected in the second half of 2022 by Cassa di Risparmio di Bolzano on the acquired CiviBank's loan portfolio, an analysis was necessary to identify information on facts and circumstances that had been in place at the acquisition date which, if known, would have influenced the valuation of the amounts calculated at the time of the PPA. The presence of this information would have entailed, at the time of preparation of the 2022 consolidated financial statements, a change in the provisional PPA amounts recognised at the acquisition date, with retroactive effect.

In order to reflect the adjustments that would have retroactively influenced the PPA balances in line with the provisions of IFRS 3, with the support of the advisor KPMG:

- the Market Risk Premium (MRP), i.e. the differential return required by investors for an investment in equities compared to a risk-free investment, was updated. In particular, this parameter was updated by the source (A. Damodaran, observation of March 2022), an event unknown at the date of the assessment;
- a sample of positions was selected, on whose basis a change in flows was made, in view of factors that were reasonably foreseeable at the date of the PPA (30 June 2022) that would have influenced their classification and/or measurement.

All other parameters were not changed, since the measurements used previously were already the last available at the cut-off date of the Portfolio.

Following the above analyses and following the necessary changes, the FV underwent a reduction of Euro 2.6 million. In particular, the change directly attributable to the attention positions amounts to Euro 2.1 million, while the remainder relates exclusively to the rate effect (WACC update) distributed over the remaining portion of the Portfolio.

Following the adjustments recorded at 31 December, the Purchase Price Allocation (PPA) process relating to the acquisition of control of Banca di Cividale was made final, with a badwill value of Euro 107.4 million.

Below is a table summarising the accounting effects recorded following the first recognition PPA and subsequent ones linked to the additional information made available in the second half of the year rather than the updating of the parameters adopted in the fair value determination models.

PPA accounting effects	PPA 30.06.2022	PPA adjustments	Definitive PPA
Shareholders' equity (100%)	322.1		322.1
Bad loan adjustments	(7.2)	(0.8)	(8.0)
UTP adjustments	(4.1)	(1.9)	(6.1)
PD adjustments	(1.3)		(1.3)
Performing adjustments	23.4		23.4
Adjustments to loans to banks	0.0		0.0
Bonds	1.5		1.5
HTC securities	(24.2)		(24.2)
Allocation to Provisions for risks	(0.7)		(0.7)
Property adjustments	(14.6)		(14.6)
Intangibles	5.7		5.7
Tax effects of fair value adjustments	6.9	0.9	7.8
Net Asset Value	307.4		305.6
Non-controlling interest	(65.0)		(64.6)
Purchase Price	(133.6)	0.0	(133.6)
Bargain Purchase	108.8		107.4

Lastly, it should be noted that the misalignments that arose as a result of the PPA process led to deviations between the income statement and statutory balance sheet figures of CiviBank and the data relating to the contribution to the consolidation by the subsidiary Bank starting from the third quarter of 2022.

Disclosure pursuant to IFRS 3 B64 q ii

In relation to the presentation of the impacts on revenues, profits and losses of the business combination simulating that it took place at the beginning of the reporting period (IFRS 3 B64 q ii.), the disclosure required at the effective date of the business combination is provided below.

Company name	Date of the transaction	Cost of the transaction	Acquired interest	Total revenues (*)	Net profit/(loss) (**)
Banca di Cividale S.p.A.	06.06.2022	133,617	79.10%	66,922	(19,613)

(*) the figure refers to the net interest and other banking income of Banca di Cividale S.p.A.
(**) the result for the year refers to Banca di Cividale S.p.A.

Cassa di Risparmio di Bolzano - CiviBank integration program

In June 2022, the Integration Program of operating models and IT systems between the Parent Bank Cassa di Risparmio di Bolzano and the subsidiary CiviBank was launched, breaking down the activities into three project phases:

1. priority activities for the purposes of "change of control" and management and coordination governance;
2. the directing of the necessary interventions to promote the gradual convergence of operational models in the transitional period;
3. IT migration to the Group's target platform, integration of operating processes and activation of the organisational model.

In order to achieve the objectives of the three phases, the Integration Program was broken down into four intervention areas:

1. Transitional obligations both of a regulatory and operational nature in the transitional period up to the migration of operating models and IT systems;
2. Business models in relation to solutions to promote synergies in the various operational areas deriving from the new business combination;
3. Organisational models and change management, for the choices of the various enabling factors;
4. IT migration, for the analysis and migration of CiviBank's operating processes and IT systems.

The first phase mainly concerned the Program set-up and the fulfilment of the activities necessary to launch the management period of transitional activity and promote the direction and coordination prerogatives on the basis of external regulatory provisions and internal regulations.

The second phase is dedicated to analyses and reflections aimed at evaluating targeted convergence of models and methodologies on selective functional areas in advance of the IT migration as well as the definition of target models applicable from the migration date. This phase also envisaged the strengthening of the Parent Bank's governance system by sharing with CiviBank the Governance principles and guidelines on the main qualifying areas, including principles of conduct, conflicts of interest, internal control system, guidelines on credit policies and equity investments management.
The third phase concerns the execution of the IT migration, planned for the beginning of the second half of 2023, and the operational activation of the target models outlined during the transitional period.

8.3 Listing of financial instruments issued by the banks on the Vorvel (formerly Hi-MTF) market

The shares of Cassa di Risparmio di Bolzano and CiviBank have been admitted to trading on the "order-driven equity" segment of the multilateral trading system managed by Vorvel Sim S.p.A. (formerly Hi-MTF Sim S.p.A.) since 27 December 2017 and 26.06.2017, respectively. With regard to the Parent Bank, starting from a price of Euro 9.25 at the end of December 2021, the share showed little movement especially during the first five months of 2022 before starting a gradual increase to reach in December a price of Euro 9.90, the level on which it also closed 2022. This is the highest level recorded since the beginning of trading on Vorvel. The weighted average price recorded in 2022 was approximately Euro 9.41. The volume traded in 2022 on the Vorvel platform again recorded an interesting value, quantifiable at around Euro 3.7 million. The cumulative value traded on Hi-MTF from the beginning of the admission to trading exceeded Euro 20 million. In addition, again in relation to the Parent Bank, from 3 January 2018, on the other hand, senior bonds and non-convertible subordinated bonds with a minimum denomination up to and including Euro 100,000 issued by the Bank are admitted to trading on the "order-driven bond" segment of the multilateral trading system managed by Hi-MTF Sim S.p.A. Limited to senior bonds, Banca Akros assumed the role of specialist from 2018 until the end of 2020. As from 1 January 2021, this role has been held by Equita Sim S.p.A.
With regard to the share of the subsidiary CiviBank, starting from a price at the end of December 2021 of Euro 6.35, the share showed little movement during the first 5 months of 2022. At the conclusion of the Cassa di Risparmio di Bolzano's takeover bid, the price dropped to reach Euro 4.24 (between the end of September and mid-November), to close 2022 at Euro 4.50. This level is the minimum since the start of listing on the Vorvel market. The weighted average price recorded in 2022 was approximately Euro 6.12. The volume traded in 2022 on the Vorvel platform recorded a value quantifiable at around Euro 1.15 million. The cumulative value traded on Hi-MTF from the beginning of the admission to trading exceeded Euro 4.6 million.

8.4 Authorisation by the Bank of Italy to modify the ceiling reserved for the partial repurchase of instruments eligible for inclusion in the Parent Bank's own funds

On 24 October 2022, the Bank of Italy authorised Cassa di Risparmio di Bolzano to change the ceiling reserved for the partial repurchase of instruments eligible for inclusion in its own funds by increasing the Fund for the purchase of treasury shares from Euro 10 million to Euro 12.5 million and confirming the ceiling for the repurchase of subordinated bonds at Euro 500 thousand.

8.5 Liquidity provider

With the aim of facilitating the regular conduct of trading of its own shares, in compliance with the regulations in force on market abuse and the provisions of the regulation of the trading venue, the Parent Bank conferred on 05.07.2019 exclusively to Equita SIM S.p.A. the mandate for the performance of activities to support the liquidity of its own shares. The mandate was subsequently adjusted several times and was also effective for the entire 2022. Lastly, it was renewed at the beginning of 2023. The contract, in line with similar market transactions initiated by comparable issuers, is based on the principles contained in the accepted market practice on liquidity support, defined by Consob, without constituting a liquidity support contract. The liquidity providing activity, object of the mandate, takes place through the purchase and sale of Cassa di Risparmio di Bolzano shares on the Vorvel market by Equita SIM S.p.A., through the use of Bank's resources, in accordance with the prior approval issued by the Bank of Italy, most recently on 24 October 2022. The effects deriving from this activity fall exclusively on the Bank, which therefore assumes the related risk. Equita SIM S.p.A. operates independently, without instructional constraints by the Parent Bank. The contractually agreed upon operating details are published at the beginning of each validity period through a price sensitive communication posted, inter alia, on the Cassa di Risparmio di Bolzano's website.
CiviBank did not give a similar assignment to parties for liquidity support purposes.

8.6 EU Directives - Deposit Guarantee Scheme (DGS) and Crisis Resolution Fund (BRRD)

(SRF) BRRD
On 27 April 2022, the Bank of Italy informed the Parent Bank of the amount to be paid for 2022, amounting to Euro 5,381 million, paid at the end of May. Please note that a similar communication was received by CiviBank, whose amount (moreover already paid) for 2022 amounted to Euro 2,696.
DGS
With a communication dated 15 December 2022, the Interbank Deposit Protection Fund (FITD - Fondo Interbancario di Tutela dei Depositi) informed the Parent Bank that the ordinary contribution for 2022 would amount to Euro 7,843 thousand. The debit value date for the amount was 20.12.2022. In turn, the subsidiary CiviBank received a communication from the Interbank Fund for an amount of Euro 2,975 thousand, again with a value date of 20.12.2022.
The Interbank Fund Regulation provides that Consortium members annually pay ordinary contributions commensurate to the amount of the protected deposits, as well as to the degree of risk determined on the basis of an internal risk assessment methodology. The 2022 ordinary contribution was calculated taking into account the amount of protected deposits at 30 September 2022. The amount also includes an additional contribution portion relating to extraordinary interventions carried out during the last period.

8.7 Interest on TLTRO III transactions

In the statement at 31 December 2022, the Parent Bank recognised, for an amount of Euro 8,281 thousand, the accrued premium at that date relating to TLTRO III transactions, in relation to which it has a loans stock in place equal to Euro 2,150 million. Cassa di Risparmio di Bolzano took steps to recognise the interest on the basis of the precise feedback received from the Bank of Italy through their messages.
At the end of 2022, CiviBank had TLTRO III transactions in place for a total amount of Euro 1,087 million. The Bank proceeded to record a total amount of Euro 4.7 million under interest income on financial liabilities.

8.8 AIRB Project of the Parent Bank

The Parent Bank Cassa di Risparmio di Bolzano is participating as a Sponsor Bank in the Pooled AIRB Cedacri Project, with the aim of requesting the Bank of Italy for authorisation to use the AIRB method for the purposes of Prudential Supervisory Reports, i.e. calculation of capital requirements on loans.
The Project required a particular attention to the revision of processes and governance of credit risk, so that they are in line with what is required by the regulations for the adoption of internal AIRB models. During 2022, various activities continued, reaching the final objectives in the area of Governance, Models and Processes.
The activities concerned in particular the following areas:

Governance
During 2022, the AIRB Bank Steering Committee was duly convened, in order to internally share the choices made by the AIRB Cedacri Steering Committee Pooled (decision-making body of the Pool Project), to monitor the progress of the project and to verify compliance with the time frame and the budget in terms of effort, highlighting and addressing any critical issues.
The Risk Management Service also updated the Board of Directors on the progress of the AIRB Project on both the Bank and Cedacri side.

Models
In the first four months of 2022, the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) risk parameters revision was completed in order to comply with the recommendations made by the Supervisory Authority following the inspection carried out between May and July 2021 in Cedacri and the recommendations made by the Control Functions of the Sponsor Banks.
The Risk Management Service has continuously maintained an active dialogue with the Cedacri Working Group, in order to contribute to the revision of the models by providing support, feedback and requesting analyses, additional in-sights and reviews for a complete understanding of the final models.

Processes
Cassa di Risparmio di Bolzano went into production with the AIRB Corporate Rating starting from July 2018, with the Retail Business Rating as of September 2019 and with the Private Rating in December 2019, introducing them, among others, in the processes of granting, renewal, delegations, credit monitoring and reporting.
In 2022, the Bank continued to carry out fine-tuning and adjustments of the processes impacted by the new Rating system and to update the internal documentation in order to incorporate the changes introduced by the transition to the AIRB mode and the recommendations that were provided by the Bank of Italy following its inspection of Cedacri and by the Internal Control Functions.
In particular, during the year, the focus was on:

- transfer into production of the latest versions of the PD, LGD and EAD AIRB models, including the refinements requested by the Supervisory Authority and the internal Control Functions, on all segments: preparation of impact analyses and adaptation to new internal process models concerned;
- reallocation by the rating managers of the Corporate and Retail Business segment in order to cover the entire portfolio with the new version of the PD model; further strengthening of the Data Quality system on AIRB risk parameters;
- enhancement of Credit Risk reporting;

In addition, in-house workshops and training meetings were held by the Bank during the year to address doubts and issues related to AIRB parameters.
During 2022, the Validation Function focused the scope of its activities on the assessment of the AIRB Rating System in preparation for the presentation of the AIRB Application by the Bank and the consequent inspection by the Supervisory Authority, taking an active part in exchanges with the Bank of Italy on specific issues. In particular, the activities of the Validation Function focused on:

- updating of model checks in order to analyse the ways in which the Bank addressed the findings that emerged from the Cedacri inspection in 2021 and following up on checks on the other AIRB validation areas;
- updating the overall AIRB Rating System assessment reported in a specific summary report attached to the application for authorisation sent to the Supervisory Authority on 2 May 2022;
- processing of the requests that emerged during the Inspection and carrying out the related analyses.

During 2022, the internal audit function issued the following AIRB reports to the corporate bodies:

- Rating assignment
- Use Test: Concession, Resolution, Monitoring, Reporting
- Business PD Model
- Retail Business PD Model
- Private PD model
- Business EAD Model
- Private EAD Model
- Business LGD Model
- Private LGD Model and
- the Internal Audit Note - AIRB Architecture: Corporate, Private and Retail Business - IT audits.

In line with the Function's methodological approach, the findings - which were shared with the key managers on a case-by-case basis - were also presented to the Corporate Bodies. In line with the approach followed so far, the results relating to the monitoring of the corrective actions taken overall were also presented to the Bodies at least quarterly.

During the 2023-2024 two-year period, in accordance with the regulations, the AIRB models on the Subsidiary CiviBank are expected to be rolled out.

To this end, the Parent Bank has planned specific preparatory activities aimed at aligning governance, the preparation of the analyses necessary for adapting models to the CiviBank data and the introduction of risk parameters in the subsidiary's processes.

It should be noted that following the submission of the AIRB Application by the Parent Bank and the subsequent integration of the Application, the inspection by the Bank of Italy was initiated on 27 September 2022. The inspection was completed on 7 December 2022.

8.9 Bond issue program covered by the Parent Bank

In 2022, the Parent Bank established a Program for the issue of Covered Bonds (CB) with a maximum amount of Euro 3,000 million. This type of bond is backed by a double guarantee to protect bondholders: on the one hand, by the assets of the issuing Bank and, on the other hand, in the event of default, by the segregated assets of a special purpose vehicle, legally independent from the issuing bank and dedicated exclusively to the assumption of guarantees in favour of the CB bondholders. In this regard, the Parent Bank has taken on the controlling interest (60% of the share capital) in the company SPK OBG S.r.l., established specifically to acquire in the segregated assets the assets sold by the Bank and which represent the assets on which SPK OBG S.r.l. issues guarantees to holders of CBs issued by the Parent Bank. The remaining 40% of the share capital is held by a Stichting under Dutch law. The initial portfolio of performing residential mortgages sold by the Bank to SPK OGB S.r.l. in the first half of 2022 amounted to approx. Euro 450 million, whose consideration SPK OBG S.r.l. paid through a subordinated loan granted by the same Parent Bank. Therefore, with the structuring of the CB program, the Bank has equipped itself with a highly competitive collection tool that allows, among other things, to adopt a

- an additional medium/long-term funding channel suitable to meet structural financing needs
- a tool that tends to be easy to place on the institutional market

- a rapid issue instrument, which can also be refinanced directly by the European Central Bank.

In June, the Parent Bank carried out the first issuance of a Covered Bank Bond with ISIN code IT0005497141 as part of the aforementioned program and with the following characteristics:

- nominal amount: Euro 300 million
- duration: from 8 June 2022 to 8 June 2028, extendable to 8 June 2029
- fixed rate for the entire life of the security equal to 0.5% p.a.
- rating assessment by Fitch Ratings: AA

At least initially, this first issue was fully subscribed by the Bank itself and deposited with the European Central Bank as a pledge for the existing TLTRO-III loans.
acquisition of 60% of the vehicle.

8.10 Bank of Italy inspection at the Parent Bank - Banking transparency

On 30 May, an inspection was initiated at the Parent Bank by the Banking and Financial Supervision Department, the Inspectorate Service of the Bank of Italy, aimed at assessing compliance with laws and regulations on transactions transparency and customer relations fairness. The inspection was both of a general nature, at the General Management, and at some branches of the Parent Bank, and ended on 5 August 2022.
On 09/11/2022, the Bank of Italy presented and delivered to the Parent Bank's Board of Directors the document relating to the inspections conducted in the period 30/05/2022 - 05/08/2022 regarding transactions transparency and customer relations fairness. The Parent Bank fully responded to all the requests made and took steps to implement the initiatives (where envisaged, also through reimbursements to customers) for the purpose of resolving the identified findings, also envisaging a specific project aimed at adopting strengthening measures in the areas of banking transparency and operating process efficiency.

8.11 Capital decision. Transmission of the order (SREP)

On 20 September 2022, the Cassa di Risparmio di Bolzano Group communicated to have received from the Bank of Italy, at the conclusion of the annual Supervisory Review and Evaluation Process (SREP) conducted during 2021, the notification of the decision on the prudential requirements to be met on a consolidated basis.
With letter no. 1134751/22 of 22.07.2022, the Supervisory Authority had announced the initiation of the ex-officio procedure relating to the imposition of capital requirements in addition to the minimum capital ratios envisaged by the regulations in force in relation to risk exposure.
The communication received on 22.09.2022 confirmed the quantitative requirements, the qualitative requirements and the recommendations formulated by the Supervisory Authority in the letter of 22 July 2022.
In particular, the Cassa di Risparmio di Bolzano Group will be required to continuously comply with the following capital requirements at consolidated level, without prejudice to compliance with the minimum capital requirement set forth in Art. 92 of Regulation (EU) no. 575/2013:

- Common Equity Tier 1 capital ratio (CET 1 ratio) of 7.70%, consisting of a binding measure of 5.20% (of which 4.50% against the minimum regulatory requirements and 0.70% against the additional requirements determined as a result of the SREP) and for the remainder of the capital conservation buffer;
- Tier 1 capital ratio (Tier 1 ratio) of 9.40%, consisting of a binding measure of 6.90% (of which 6.00% against minimum regulatory requirements and 0.90% against the additional requirements determined as a result of the SREP) and for the remainder of the capital conservation buffer;
- Total capital ratio of 11.75%, consisting of a binding measure of 9.25% (of which 8.00% against the minimum regulatory requirements and 1.25% against the

additional requirements determined as a result of the SREP) and for the remainder of the capital conservation buffer.
In order to ensure that the binding measures are respected even in the event of a deterioration in the economic and financial context, the Bank of Italy has also requested that the Cassa di Risparmio di Bolzano Group continuously maintain a Component for each of the capital ratios, a Target (Pillar 2 Guidance - P2G), against a greater exposure to risk under stress conditions, equal to 1.25%, such as to determine the following capital requirements at consolidated level:

- - common equity tier 1 capital ratio (CET 1 ratio) of 8.95%;
- - tier 1 capital ratio (Tier 1 ratio) of 10.65%;
- - total capital ratio of 13.00%.

At this regard, the Cassa di Risparmio di Bolzano Group reiterates that at 30 June 2022, the CET1 Ratio, Tier 1 Ratio and Total Capital Ratio, calculated according to the transitional regulations (IFRS 9 phased-in), stood at satisfactory values, with an adequate margin compared to the thresholds provided. The level of fully-phased ratios was also higher than the new minimums required at that date.

8.12 ECB rate increase

The ECB (European Central Bank) raised its three benchmark interest rates four times, respectively by 50 basis points, 75 basis points on two consecutive occasions and 50 basis points. Issued on 21 July, on 8 September, 26 October and 15 December, after the meetings of the Governing Council of the ECB, these measures represent the first increases since 2011 and are included in the anti- spread shield: a tool to ensure price stability.
The increase in interest rates has also had a negative impact on the remuneration of TLTRO financing transactions, of which the banking system, including Cassa di Risparmio di Bolzano and CiviBank, have made extensive use.

8.13 Purchase of residual shareholding in Raetia sgr spa in liquidation

Please note that on 27 July 2022, the Parent Bank completed the purchase of a 2.175% interest in the share capital of the subsidiary Raetia sgr spa in liquidation, held by the former Cassa di Risparmio di Cesena, now Credit Agricole, at the all-inclusive price of Euro 50 thousand. Following this transaction, Cassa di Risparmio di Bolzano holds 100% of Raetia sgr spa in liquidation.
It should also be noted that on 26 August 2022 the Parent Bank's control was declared to have ceased.

8.14 Cancellation of Banca di Cividale S.p.A. treasury shares - shareholding increase

It should be noted that with the Shareholders' Meeting of 14 July 2022, Banca di Cividale proceeded to cancel 1,155,129 treasury shares with no nominal value held in the portfolio, therefore, without any change to the share capital; at the same time, the Provision for existing treasury shares was transferred to available reserves for the entire amount of Euro 7,051,155.
As a result of this change in the number of shares outstanding, the interest held by Cassa di Risparmio di Bolzano in the subsidiary Banca di Cividale rose from 75.6% to 79.1%.

8.15 Rating

The Parent Bank and the subsidiary Banca di Cividale do not currently have a public rating from one of the four major international rating agencies.

8.16 Sale of non-performing loans

Together with the subsidiary CiviBank, the Parent Bank Cassa di Risparmio di Bolzano participated in a multi-originator securitisation transaction called "POP Luzzatti NPLs 2022" in which 14 other banks took part, for a total value of non-performing loans sold of approximately Euro 545 million.
The following parties were involved in the transaction:

- Global Coordinator and Monitoring Agent: Luigi Luzzatti S.c.p.a.;
- Arranger: IMI – Intesa San Paolo;
- Legal advisors: Orrick Herrington & Sutcliffe LLP (*Originator* side), Studio Legale Chiomenti (*SPV/Arranger* side);
- Rating agencies: ARC Rating S.A. and Moody's;
- Master Servicer: Prelios Credit Servicing S.p.A.;
- Special Servicers: Prelios Credit Solutions S.p.A. and Fire S.p.A. (jointly);
- SPV Corporate Servicer and Computation Agent: Securitisation Services (Banca Finint);
- Paying Agent and Account Bank: BNP Paribas Securities Services.

Concluded at the end of December 2022, the transaction saw the sale to a securitisation vehicle, established in accordance with art. 3 of Law 130/1999, called Luzzatti POP NPLs 2022 S.r.l. The structure of the transaction envisaged the suitable characteristics for the derecognition of the loans through the transfer of the portfolio to the SPV and the assignment of a BBB+/Baa1 rating to the Senior Notes, pending the reintroduction of the GACS state guarantee in order to be able to assess the opportunity at banking class level, if the conditions are met, to request this guarantee.
The SPV acquired the transferors' Portfolio, financing the purchase through the issue of three classes of ABS securities, Senior, Mezzanine and Junior classes, amounting to Euro 118.25 million, Euro 17.5 million and Euro 3 million, respectively. The Mezzanine and Junior notes were subscribed for 5% on a pro rata basis by the Transferors (pursuant to the European Retention Rule - net economic interest).
As regards the portion of Cassa di Risparmio di Bolzano, the Parent Bank securitised 60 non-performing positions for a total of 101 positions for a total exposure of approximately Euro 6.2 million.
With regard to the CiviBank share, the subsidiary Bank securitised 375 bad loans for a total of 781 positions and an overall exposure of approximately Euro 79 million, of which Euro 5.6 million of lines already transferred to loss.
The transaction mainly concerned secured loans. The Cassa di Risparmio di Bolzano portfolio is composed of 42.3% of unsecured loans and 57.7% of secured loans, while the CiviBank portfolio consists of 71.7% of unsecured loans and 28.3% of secured loans.
With regard to the economic sector, loans to households account for 12.4% of the portfolio securitised by Cassa di Risparmio di Bolzano, and 20.1% of the portfolio securitised by CiviBank. Half of the portfolio sold by Cassa di Risparmio di Bolzano is active in the real estate and construction sector (50.1%), 15.6% is in manufacturing activities, 10.3% is in accommodation and catering, while 8.5% is in the wholesale and retail trade sector. Other types of economic activity remain for a total of 3.0% of the portfolio sold by Cassa di Risparmio di Bolzano. With regard to the portfolio sold by CiviBank, 25.8% are active in the real estate and construction sector, 35.4% are in manufacturing activities, 2.2% in accommodation and catering while 5.2% belong to the wholesale and retail trade sector. Other types of economic activity remain for a total of 11.5% of the portfolio sold by CiviBank, of which 4.6% of grape cultivation and 3.0% of professional activities.
The majority of the securitised portfolio of Cassa di Risparmio di Bolzano, equal to approximately 86.0%, is concentrated outside the province of Bolzano, the remainder is located in Alto Adige (14.0%). Most of the securitised portfolio of Civibank, equal to approximately 72.8%, is concentrated in Friuli-Venezia Giulia, the remainder is located outside the region (27.2%).
With regard to the time horizon, both portfolios sold are characterised by medium/long-term lines. The credit lines transferred with a medium/long-term duration

(mortgages, loans) are therefore 61.5% for the portfolio securitised by Cassa di Risparmio di Bolzano and 74.2% for CiviBank.
The extraordinary disposal transaction presented itself as an important opportunity to accelerate the process of reducing the stock of non-performing loans, allowing to lower both the individual and Group NPL Ratio.

8.17 CiviESCO

During the first quarter of the year, CiviBank completed the sale to Idealservice Soc. Coop, of 80% of the capital of CiviESCo Srl, an energy service company operating in the field of energy efficiency. The sale comes under the resolutions of the Board of Directors and the instructions of the Board of Statutory Auditors aimed at reducing CiviBank's interest in CivESCo.

9 Subsequent events after the end of the year

9.1 Sale of equity investment in Mediocredito Trentino-Alto Adige

Against the binding offer to purchase the entire interest held by Cassa di Risparmio di Bolzano in Mediocredito Trentino-Alto Adige by Raiffeisen Landesbank, the Bank adjusted the equity investment carrying amount to the presumed sale price, with the recognition of a capital gain of Euro 4.1 million as a balancing entry. This amount was also collected by the Bank on 24 January 2023, following the completion of the transfer on the same date.

9.2 Further rate increases by the ECB

On 02.02.2023, the European Central Bank increased its rates by 50 basis points, announcing a similar tightening (+50 points) at the March meeting, also reiterating its intention to increase them "significantly" and "at a constant pace", albeit in line with incoming data, to then seek to maintain them at a level guaranteeing "prompt" return of a 2% inflation target. The interest rates on the main refinancing operations, on the marginal refinancing operations and on the deposits with the ECB rose to 3.00%, 3.25% and 2.50%, respectively, with effect from 8 February 2023.

9.3 Automatic renewal for the performance of the liquidity support activity of the shares issued by the Bank traded on the "order-driven equity" segment of the multilateral trading system managed by Vorevl SIM S.p.A.

As the contract signed by the Cassa di Risparmio di Bolzano - Sparkasse (the "Bank") and Equita Sim S.p.A. ("Equita" or "Intermediary") expired on 31 December 2021, by virtue of which the Bank exclusively entrusted Equita with the performance of an activity aimed at supporting the liquidity of the shares it had issued ("Shares") and traded on the "order-driven equity" segment of the multilateral trading system managed by Hi-Mtf Sim S.p.A. ("Hi-Mtf Market"). ("Hi-Mtf Market"), the same, in accordance with the provisions of the same contract, was tacitly renewed for a period of six more months and therefore until 30 June 2023.

9.4 Commissioning of Eurovita

The rapid increase in interest rates in the last few months of 2022 forced Life Insurance companies to increase the capital they must hold under Solvency II terms

to cover "mass lapse" risk, i.e. the risk of sudden closure of a predefined portion of policies in place at the time of calculation. In the case of Eurovita, this led to a capital shortfall, with the solvency indicator falling below regulatory limits.
The company was therefore asked to strengthen its capital, but the recovery plan presented did not obtain the approval of IVASS, the Insurance Supervisory Institute. With measure prot. no. 0024821 of 31 January 2023, pursuant to articles 230 and 275 of Italian Legislative Decree no. 209 of 7 September 2005, IVASS arranged the provisional management of Eurovita S.p.A. and Eurovita Holding S.p.A. and appointed Mr. Alessandro Santoliquido as commissioner.
The measure of 31 January was then followed by that of 6 February last, which effectively blocked the right of policyholders to exercise the redemptions governed by insurance and capitalization contracts stipulated with Eurovita S.p.A., leading to their temporary suspension. The measure is not applied to redemptions and advances pursuant to supplementary pension schemes governed by Italian Legislative Decree no. 252 of 5 December 2005. The suspension is effective until 31 March 2023. The measure does not affect redemption requests submitted, pursuant to the contractual conditions, prior to the suspension.
The commissioner is proceeding with activities aimed at seeking a possible solution aimed at strengthening the company's capital. As the first contribution from the shareholder Flavia HoldCo Limited (company owned by the private equity fund Cinven), on 22 February Eurovita Holding received a non-repayable capital contribution of Euro 100 million from the shareholder.
Together with other leading banks, Cassa di Risparmio di Bolzano is a distribution partner of Eurovita for life insurance products (saving).

9.5 Establishment of the Cassa di Risparmio Bolzano VAT Group

Also following the business combination carried out in 2022, with effect from 1 January 2023, the Sparkasse Group companies decided to establish the new Cassa di Risparmio di Bolzano VAT Group.
The main effects deriving from the creation of the VAT Group are as follows:

- sales of goods and services between participants in the VAT Group are not relevant for VAT purposes (with some exceptions, such as, for example, in the case of segregation of activities, transfers of services to an activity with the right to deduct towards an activity without right to deduct or with a right to deduct at a lower rate than that of the activity from which the service is provided);
- sales of goods and services by a party participating in the VAT Group to a party that is not are considered carried out by the VAT Group;
- sales of goods and services to a subject participating in the VAT Group from a party that is not are considered carried out by the VAT Group.

The companies that, together with the Group Representative Cassa di Risparmio di Bolzano S.p.A., are part of the VAT Group are:

- Banca di Cividale S.p.A.;
- Sparim S.p.A.;
- Sparkasse Haus S.r.l.;
- SPK OBG S.r.l..

9.6 CiviESCO Srl

It should be noted that on 10 March 2023, settlement agreements were signed aimed to amicably settle the dispute that arose between the parties in relation to the sale of the Civiesco investment to Idealservice, which took place in the first part of 2022.

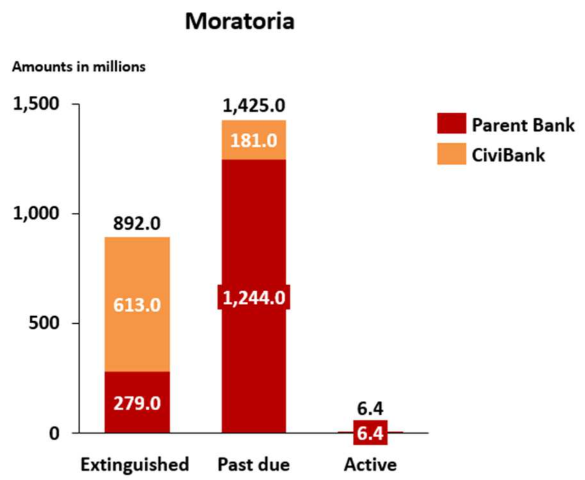
10 Disclosures on the COVID-19 emergency, the raw material price increases and the Russian-Ukrainian conflict

COVID-19 disclosure
After the end of the state of emergency on 31 March 2022, in parallel with the removal of its obligations by the Government, Cassa di Risparmio di Bolzano began a progressive process easing the measures to restrict and contain the COVID-19 pandemic, both in the branches and in the central structures.
Also in consideration of the cyclical recurrence of contagion waves, during the whole of 2022 Cassa di Risparmio maintained some essential recommendations aimed at the adoption of prudent and informed behaviour by employees and customers in company premises (minimum interpersonal distancing, sanitation, recommendation to use protective equipment indoors, in particular during gatherings and, for employees only, prohibition of access to company premises if experiencing fever above 37.5°C or symptoms reported as COVID-19 infection by the attending physician, as well as reporting of positive cases diagnosed with molecular/antigen test through the appropriate company procedure).
With reference to Cassa di Risparmio di Bolzano employees, on 19 December last the Bank signed a new Agreement with the Trade Unions to continue to guarantee, at structural level, the use of Smart Working as a working method, in addition to the traditional work attendance in person, for a period up to 31 December 2024.
As regards moratoria at 31 December 2022, the Cassa di Risparmio di Bolzano Group has in place, with reference to medium/long-term loans:

- 16 moratoria granted to Private counterparties, for a gross exposure of Euro 4,929 thousand, of which 16 for a gross exposure of Euro 4,929 thousand have been extended;
- 6 moratoria granted to Business counterparties, for a gross exposure of Euro 1,458 thousand, of which 5 for a gross exposure of Euro 1,443 thousand have been extended.

They are entirely attributable to the Parent Bank; in fact, at 31 December 2022, CiviBank did not have in place, with reference to medium/long-term loans including leases, not past due moratoria granted as part of the measures to deal with the COVID-19 pandemic emergency to Private or Business counterparties, with reference to the overall loan portfolio, both performing and past due and UTP.

The counterparties and volumes reported above refer to the entire portfolio (performing, past due, UTP).
The following table illustrates the situation, also with reference to the moratoria granted and already extinguished:



Specifically, as regards the Parent Bank, the amount of the moratoria for which customers have requested an extension remains low and stands at a level of less than 0.50% of the total value of the expired moratoria. The positions subject to extension were classified under "Performing forborne" exposures. However, the effect of the reclassifications was decidedly limited.

On the other hand, with regard to the subsidiary CiviBank, the amount of moratoria expiring after 31/12/2022 on positions that had already benefited from a moratorium is limited and stands at a level of 0.51% of the total value of the expired moratoria (Euro 613 million).

Disclosure on the Russian-Ukrainian conflict and raw material price increases

Starting from the end of February 2022, the Russian invasion of Ukraine caused a significant increase in the prices of numerous raw materials. The impact was particularly strong in the natural gas market, given the greater importance of infrastructural constraints and the high dependence of the European Union on imports from Russia to cover its energy needs.

In addition, strategic reasons have led many European countries to undertake an accelerated course of reducing imports of oil and gas from Russia, a phenomenon that has accentuated pressures on the global energy market. Inflation, already rising in 2021, accelerated rapidly on a global scale, also due to the indirect effects of the energy shock on other goods and services. The global economy was also affected by limitations imposed by the not yet eradicated pandemic phenomenon, with a generalised slowdown in the GDP of the various countries, with China under particular pressure. In the Eurozone, GDP growth remained positive, despite the repercussions of the energy shock on household purchasing power and corporate profit margins. Demand was supported by tax measures that partially mitigated the effect of price increases on household and business budgets, while the recovery of activity in services most penalised by the pandemic crisis continued in the 2020-21 two-year period. Total employment increased further. The Italian economy also showed a positive trend, benefiting from strong growth in construction activity. The sudden rise in inflation to levels not seen for decades and a faster-than-expected post-pandemic recovery prompted central banks to gradually reduce monetary stimulus. The pivot was very rapid in the United States, following clear signs from the labour market with a strong excess on the demand side. The Federal Reserve intervened by reducing securities purchases and forecasting five rate increases in 2022. The European Central Bank also started to reduce the stimulus measures introduced during the pandemic crisis, but in a more gradual manner. In an initial phase, inflation proved less concerning than in the United States, and the energy shock had proportionally greater negative effects on domestic demand. In the first quarter, net purchases related to the

PEPP program were gradually reduced, to their suspension at the end of the first quarter of 2022. The Central Bank implemented a temporary monthly increase in net APP purchases in April and May, but then suspended them entirely from 1 July 2022. In June, it warned the markets that a phase of increases in its official rates would begin in July.

On 21 July 2022, the European Central Bank raised the three reference rates by 50 basis points, while on 8 September the ECB made another increase of 75 basis points. Subsequently, on 27 October, the ECB intervened again by deciding to increase all three interest rates by 0.75%, thus bringing the refinancing rate to 2% and the deposit rate to 1.5% (+200 basis points compared to 30/06/2022, the fastest rate increase cycle in the ECB's history). Again in 2022, the European Central Bank intervened with an increase of 50 basis points, bringing, with effect from 21 December, the interest rates on the main refinancing operations, on the marginal refinancing operations and on deposits, respectively, to 2.50%. 2.75% and 2.00%.

In the context of the decisions taken, of particular relevance for the banking system is that relating to the parameterisation of the remuneration of the mandatory reserve to the deposit rate and no longer to the refinancing rate, as well as the modification of the method of calculating TLTRO-III drawdowns.

The change in monetary policy caused a rapid increase in medium and long-term rates on European markets. Together with the greater uncertainty of the international scenario, the increase in rates and the reduction in official purchases led to a further widening of the BTP-Bund spread. The divergence of rates between the United States and Europe and the greater exposure of the Eurozone to the Russian-Ukrainian conflict weakened the Euro, which fell from 1.13 at the end of December to 1.05 at the end of June and subsequently even below parity, with a recovery in the last part of the year. The year 2022 recorded a sharp decline in international stock market prices and a generalised reduction in risk appetite. Investors' concerns on economic trends and corporate profits outlook grew, due to the combined effect of factors such as: the further increase in inflationary pressures, now extended from energy and commodity prices to the main consumer goods, interruptions and limitations in global supply chains, accentuated by the "zero-Covid" policy in China, and the restrictive monetary policies adopted by central banks. In this context, the outbreak of the war between Russia and Ukraine at the end of February created a "perfect storm", adding a strong element of uncertainty to the outlook for the economy and listed companies, particularly in the Euro zone.

The results of 2022 were overall positive, with many companies able to achieve their objectives; however, the main issue for investors is now the sustainability of current profitability levels, in an operating environment that is likely to weaken in the coming quarters.

Stock indices, on the other hand, closed the first three quarters in sharp contraction and the US stock market also recorded sharp drops, while the main stock markets in Asia experienced more contained decreases.

The European corporate bond markets closed 2022 in negative territory, with remuneration up sharply compared to the levels of the beginning of the year.

With reference to the direct impact of the conflict on the Group's economic and financial situation, it should be noted that at the moment the impact is minor and is linked not so much to the Banks' limited operations with the countries directly affected by the conflict, but rather to the corrections in value and the aforementioned volatility of the financial markets.

It is worth noting that at 31 December 2022 the Cassa di Risparmio di Bolzano Group had no direct exposures (guarantees, documentary credits, divestments without recourse) with a risk in relation to Russia/Belarus/Ukraine (only sanctioned oblasts), nor had it divested loans (export advances) for customers' exports to sanctioned countries, or advanced payments (import loans) for customers who had purchased products in Russia.

In compliance with the sanctions, the Cassa di Risparmio di Bolzano Group has not carried out any transactions with banks subject to sanctions with Russian and Belarus capital.

Again in compliance with European regulations related to the sanctions imposed on Russia/Belarus/Ukraine (only sanctioned oblasts), all bank transfers from sanctioned countries are subject to:

- subjective due diligence: the corporate chain of the ordering party is reconstructed to avoid transactions involving sanctioned parties;
- objective due diligence: it is verified that the customs tariff of the exported goods or the service provided is free from sanctions;
- financial due diligence: it is verified that the funds transmission chain (from the ordering bank to the clearing bank and then to crediting does not involve sanctioned financial parties or those who refer to sanctioned persons).

As regards financial assets held, there are no direct exposures to Russia and/or Belarus.

Among the UCITS units in the portfolio, three funds hold Gazprom bonds, the total amount of which indirectly held by Cassa di Risparmio di Bolzano amounts to approximately Euro 0.1 million. Finally, there are no stocks in RUB as regards the foreign currency accounts held by the Bank. With reference to the subsidiary CiviBank, a bond issued by CrbCityMoscow for a nominal value of Euro 400 thousand and a carrying amount of Euro 52 thousand is recorded in the portfolio of owned securities.

With reference to market trends and financial assets held by the Cassa di Risparmio Group, the impacts recorded to date refer to the corrections in value that have affected the securities held within the portfolio characterised by the HTCS business model and the securities whose evaluation mandatorily impacts on the income statement. The effect is also being maintained within a range of volatility which can be considered physiological and which at the moment does not risk compromising the good profitability of Cassa di Risparmio di Bolzano's financial sector.

More worrying is the situation with reference to the effects of the exponential rise in the price of raw materials and the double-digit increase in inflation.

The risks for financial stability connected with household situations remain limited. After the favourable trend in disposable income in the first part of the year, the outlook worsened in the second half of the year due to persistently high inflation. However, debt remains stable and low in international comparison. The average cost of outstanding loans has increased but remains relatively low.

The financial situation of companies, on the other hand, is affected by the slowdown in economic activity, the increases in energy product prices and the increase in interest rates. However, the debt service capacity remains high. Debt increased in the summer months, especially for larger companies, while loans to smaller companies decreased. In the second half of the year, the market conditions worsening had a negative impact on the bond loan costs.

Given the instability of the macroeconomic scenario, the banking sector most affected will certainly remain, also in 2023, that of credit, with concerns related to customers' repayment capacity, primarily businesses, which could suffer the greatest negative effects of the raw material increases.

The management of the Group banks is continuously monitoring the evolution of the situation, and is ready to implement all the measures that may become appropriate/necessary in order to protect the interests of its customers and to avoid repercussions as regards returns from the Group's operations carried out on financial markets.

11 Business outlook

The main concerns for the near future refer to the scenario of absolute uncertainty determined by the effects of the rise in the cost of raw materials, with particular concern for the uncontrolled and disproportionate increases in the energy sector, the latter affected by the continuation of the Russian-Ukrainian conflict. Finally, with reference to the phenomenon linked to the COVID-19 virus, it can be positively stated that the winter season did not lead to a new increase in cases such as to create even limited impacts on the relevant economic sectors.

Having said this, it should also be adequately underlined that 2022 was, for the banking system in general and for Cassa di Risparmio di Bolzano in particular, an extremely positive year as regards the financial results achieved, thanks to the good trend in revenues with respect to only moderately increased costs. The 2022 results also benefited from some positive factors that are unlikely to recur in 2023, such as, for example, the excellent performance of an owned government bonds portfolio whose coupon yield is linked to inflation trends as well as, to a lesser extent, the contribution of interest, still overall positive, recognised on ECB loans in relation to the TLTRO III transaction.

In this regard, it should be noted that in the first part of 2023, Cassa di Risparmio will approve the Group Business Plan for the 2023-2025 three-year period. With the new plan, the Cassa di Risparmio di Bolzano Group will set itself the objective, in its new geographical configuration, of positioning itself as one of the most solid banks in Italy, with a marked sensitivity to issues of sustainability and innovation at the service of families and businesses in the territories in which it operates, wanting to pursue an ability to generate satisfactory profitability. The planned path intends to further enhance what has already been achieved with the previous Strategic Plan, the objectives of which have been achieved and exceeded in advance.

Despite the situation of instability illustrated above, with the exponential growth in the cost of raw materials causing serious difficulties to the production chain, the risk linked to the credit sector, also thanks to the careful and timely derisking policy carried out by the Parent Bank in the last few years, should not, unless there is a further significant and sudden deterioration in the economic situation, represent an element such as to significantly compromise or impact on the good income prospects of the Cassa di Risparmio di Bolzano Group for 2023. However, credit risk remains an area requiring the utmost attention, which could in any event have a negative impact on future income statement performances.

12 Non-financial Statement

It should be noted that the Group has decided to prepare the non-financial statement in a separate Report that will be posted on the website of the Parent Bank www.sparkasse.it, within the terms provided by the regulations.

Statement of reconciliation of consolidated shareholders' equity

Statement of reconciliation of consolidated shareholders' equity

Statement of reconciliation between:

- the shareholders' equity and profit for the year of the Parent Bank and
- the consolidated shareholders' equity and profit for the year.

(figures in thousands of Euro)

	Shareholders' equity	Profit for the year
Shareholders' equity and profit for the year of the Parent Bank	866,180	74,683
Difference between carrying amount and pro-rata value:		
- of the carrying amount of equity investments	170,363	110,600
- of companies consolidated at equity	384	0
Gains from disposal of equity investments	0	0
Change in consolidated deferred taxes	398	0
Pro-rata result achieved by the subsidiaries	(6,818)	(6,818)
Pro-rata result achieved by the companies consolidated at equity	833	833
Elimination of the effects of transactions between Group companies:		
- Dividends of the subsidiaries collected during the year	0	0
- Dividends of companies subject to significant influence, collected during the year	0	0
- Reversal of value adjustments to consolidated equity investments	(37)	1,328
- Effect of the application of IFRS 16 to Group companies	773	32
Adjustment to Group accounting standards:		
- Measurement at cost and revaluation model of the capital properties (in the subsidiary at FV)	(13,551)	(5,275)
Consolidated shareholders' equity and profit for the year	1,018,525	175,384
Shareholders' equity and profit/(loss) of minority interests	61,156	3,242

SPARKASSE
CASSA DI RISPARMIO

Consolidated Financial Statements

Consolidated balance sheet

Consolidated income statement

Consolidated statement of comprehensive income

Statement of changes in consolidated shareholders' equity

Consolidated cash flow statement

BALANCE SHEET - ASSETS

	Asset items	31/12/2022	31/12/2021
10.	Cash and cash equivalents	1,167,596	119,146
20.	Financial assets measured at fair value through profit or loss	182,853	293,206
	a) financial assets held for trading	45,742	51,129
	b) financial assets designated at fair value	-	-
	c) other financial assets mandatorily measured at fair value	137,111	242,077
30.	Financial assets measured at fair value through other comprehensive income	369,923	375,426
40.	Financial assets measured at amortised cost	14,733,463	9,875,020
	a) loans to banks	243,926	539,307
	b) loans to customers	14,489,537	9,335,713
50.	Hedging derivatives	60,530	5,588
60.	Value adjustment of financial assets subject to macro-hedging (+/-)	(59,355)	(5,403)
70.	Equity investments	9,505	6,384
90.	Property, plant and equipment	380,777	317,795
100.	Intangible assets	25,318	17,043
110.	Tax assets	179,672	95,599
	a) current	4,204	802
	b) deferred	175,467	94,798
120.	Non-current assets and groups of assets held for sale	1,016	929
130.	Other assets	390,159	190,195
	Total Assets	17,441,457	11,290,928

BALANCE SHEET - LIABILITIES

	Liabilities and shareholders' equity items	31/12/2022	31/12/2021
10.	Financial liabilities measured at amortised cost	15,871,335	10,096,301
	a) due to banks	3,598,520	2,335,732
	b) due to customers	12,149,187	7,664,491
	c) securities issued	123,628	96,078
20.	Financial liabilities held for trading	933	508
30.	Financial liabilities designated at fair value	-	14,275
40.	Hedging derivatives	-	504
60.	Tax liabilities	10,613	5,610
	a) current	3,761	4,316
	b) deferred	6,852	1,294
70.	Liabilities associated with assets held for sale	1,474	507
80.	Other liabilities	372,216	235,325
90.	Employee severance indemnity	3,339	673
100.	Provisions for risks and charges	101,866	67,687
	a) commitments and guarantees issued	15,245	8,623
	b) pension and similar obligations	42,256	46,170
	c) other provisions for risks and charges	44,366	12,893
120.	Valuation reserves	4,582	6,449
140.	Equity instruments	45,228	45,228
150.	Reserves	182,336	131,978
160.	Share premiums	151,252	151,257
170.	Share capital	469,331	469,331
180.	Treasury shares (-)	(9,586)	(7,326)
190.	Equity attributable to minority interests (+/-)	61,156	12
200.	Profit (loss) for the year (+/-)	175,384	72,609
	Total liabilities and shareholders' equity	17,441,457	11,290,928

INCOME STATEMENT

	Items	31/12/2022	31/12/2021
10.	Interest income and similar revenues	293,971	164,310
	of which: interest income calculated using the effective interest method	263,124	124,532
20.	Interest expense and similar charges	(27,571)	(14,947)
30.	Net interest income	266,400	149,363
40.	Fee and commission income	123,012	97,658
50.	Fee and commission expense	(8,146)	(3,657)
60.	Net fee and commission income	114,866	94,001
70.	Dividends and similar income	3,153	837
80.	Net profit (loss) from trading	4,898	1,505
90.	Net profit (loss) from hedging	1,510	785
100.	Gains (losses) on disposal or repurchase of:	(305)	28,916
	a) financial assets measured at amortised cost	1,791	28,428
	b) financial assets measured at fair value through other comprehensive income	(2,110)	492
	c) financial liabilities	14	(4)
110.	Net income from other financial assets and liabilities measured at fair value through profit or loss	(6,181)	(4,090)
	a) financial assets and liabilities designated at fair value	198	526
	b) other financial assets mandatorily measured at fair value	(6,379)	(4,616)
120.	Net interest and other banking income	384,342	271,318
130.	Net value adjustments/write-backs for credit risk relating to:	(43,126)	(12,680)
	a) financial assets measured at amortised cost	(42,892)	(12,625)
	b) financial assets measured at fair value through other comprehensive income	(234)	(55)
140.	Gains/losses from contractual amendments without cancellations	35	(54)
150.	Net income from financial management	341,251	258,584
180.	Net income from financial and insurance management	341,251	258,584
190.	Administrative expenses:	(239,158)	(167,069)
	a) personnel expenses	(143,500)	(91,791)
	b) other administrative expenses	(95,658)	(75,278)
200.	Net allocations to provisions for risks and charges	(8,895)	(316)
	a) commitments and guarantees issued	(3,412)	1,950
	b) other net allocations	(5,483)	(2,265)
210.	Net value adjustments/write-backs to property, plant and equipment	(16,339)	(12,256)
220.	Net value adjustments/write-backs to intangible assets	(5,126)	(3,657)
230.	Other operating income/expenses	121,200	17,612
240.	Operating costs	(148,317)	(165,686)
250.	Gains (losses) on equity investments	833	384
260.	Net result from fair value measurement of property, plant and equipment and intangible assets	4,728	(2,427)
280.	Gains (losses) from disposal of investments	2,761	2,443
290.	Profit (loss) from current operations before tax	201,256	93,298
300.	Income taxes for the year on current operations	(27,783)	(20,289)
310.	Profit (loss) from current operations after tax	173,473	73,009
320.	Profit (loss) from discontinued operations after tax	(1,332)	(400)
330.	Profit (loss) for the year	172,141	72,609
340.	Profit (loss) for the year attributable to minority interests	3,242	-
350.	Profit (loss) for the year attributable to the Parent Bank	175,384	72,609

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Items	31/12/2022	31/12/2021
10.	Profit (loss) for the year	172,141	72,609
	Other income components net of taxes without reversal to the income statement	2,565	(24,196)
20.	Equity securities designated at fair value through other comprehensive income	5,295	(25,935)
30.	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	(2,731)	1,739
80.	Non-current assets and groups of assets held for sale	-	-
90.	Portion of valuation reserves of equity-accounted investments	-	-
	Other income components net of taxes with reversal to the income statement	(3,635)	(677)
100.	Foreign investment hedges	-	-
110.	Exchange rate differences	-	-
120.	Cash flow hedges	-	-
130.	Hedging instruments (non-designated elements)	-	-
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	(3,635)	(677)
150.	Non-current assets and groups of assets held for sale	-	-
160.	Portion of valuation reserves of equity-accounted investments	-	-
170.	Total other income components net of taxes	(1,070)	(24,874)
180.	Comprehensive income (Item 10+170)	171,071	47,735
190.	Consolidated comprehensive income attributable to minority interests	(3,210)	-
200.	Consolidated comprehensive income attributable to the Parent Bank	174,281	47,735

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31.12.2022

	Balances at 31.12.2021	Change in opening balances	Balance at 01.01.2022	Allocation of previous year result: Reserves	Allocation of previous year result: Dividends and other allocations	Changes in the year: Changes in reserves	Changes in the year – Transactions on shareholders' equity: Issue of new shares	Purchase of treasury shares	Interim dividends	Extraordinary dividend distribution	Change in equity instruments	Treasury share derivatives	Stock options	Changes in equity investments	Changes in the year: Comprehensive income for the year at 31.12.2022	Group shareholders' equity at 31.12.2022	Shareholders' equity of minority interests at 31.12.2022
Share capital	469,340		469,340											16,591		469,330	16,601
- ordinary shares	469,340	X	469,340	-	X	X	-	-	X	X	X	X	X	16,591	X	469,330	16,601
- other shares		X		-	X	X	-	-	X	X	X	X	X		X		
Share premiums	151,259	X	151,259	-	X	-	(6)	X	X	X	X	X	X	39,407	X	151,252	39,409
Reserves	131,978		131,978	52,575		(1,035)								7,160		182,336	8,342
- profit	133,356	-	133,356	52,575	X	(1,035)	-	-	X	-	X	X	X	7,160	X	183,714	8,342
- other	(1,378)	-	(1,378)	-	X		-	X	X	-	X	-	-		X	(1,378)	
Valuation reserves	6,449	-	6,449	X	X	(796)	X	X	X	X	X	X	X	47	(1,070)	4,582	47
Equity instruments	45,228	X	45,228	X	X	X	X	X	X	X	-	X	X	-	X	45,228	-
Interim dividends	X	X	X	X	X	X	X	X	-	X	X	X	X	X	X	-	-
Treasury shares	(7,326)	X	(7,326)	X	X	X	-	(1,981)	X	X	X	X	X	(279)	X	(9,586)	-
Profit (loss) for the year	72,609	-	72,609	(52,575)	(20,033)	X	X	X	X	X	X	X	X	X	172,141	175,384	(3,242)
Group shareholders' equity	869,524	-	869,524	-	(20,033)	(1,831)	(6)	(1,981)	-	-	-	-	-	(1,429)	174,281	1,018,525	X
Shareholders' equity of minority interests	12	-	12	-	-	-	-	-	-	-	-	-	-	64,354	(3,210)	X	61,156

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AT 31.12.2021

	Balance at 31.12.2020	Change in opening balances	Balance at 01.01.2021	Allocation of previous year result		Changes in the year												
							Transactions on shareholders' equity											
				Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of treasury shares	Interim dividends	Extraordinary dividend distribution	Change in equity instruments	Treasury share derivatives	Stock options	Changes in equity investments	Comprehensive income for the year at 31.12.2021	Group shareholders' equity at 31.12.2021	Shareholders' equity of minority interests at 31.12.2021
Share capital	469,340		469,340													469,330	10
- ordinary shares	469,340	X	469,340	-	X	X	-	-	X	X	X	X	X		X	469,330	10
- other shares		X		-	X	X	-	-	X	X	X	X	X		X		
Share premiums	151,272	X	151,272	-	X	-	(13)	X	X	X	X	X	X		X	151,257	2
Reserves	58,718		58,718	11,907		61,353										131,978	
- profit	60,096	-	60,096	11,907	X	61,353	-	-	X	-	X	X	X		X	133,356	
- other	(1,378)	-	(1,378)	-	X		-	X	X	-	X	-	-		X	(1,378)	
Valuation reserves	32,199	-	32,199	X	X	(877)	X	X	X	X	X	X	X		(24,874)	6,449	
Equity instruments	45,228	X	45,228	X	X	X	X	X	X	X	-	X	X		X	45,228	
Interim dividends	X	X	X	X	X	X	X	X	-	X	X	X	X	X	X	-	
Treasury shares	(4,830)	X	(4,830)	X	X	X	-	(2,497)	X	X	X	X	X		X	(7,327)	
Profit (loss) for the year	30,303	-	30,303	(11,907)	(8,398)	X	X	X	X	(9,998)	X	X	X	X	72,609	72,609	
Group shareholders' equity	782,218	-	782,218	-	(8,398)	60,476	(13)	(2,497)	-	(9,998)	-	-	-		47,735	**869,524**	X
Shareholders' equity of minority interests	12	-	12	-	-	-	-	-	-	-	-	-	-		-	X	12

CASSA DI RISPARMIO DI BOLZANO GROUP 31.12.2022

Statement of reconciliation between the profit for the period and the profit that contributes to the calculation of Common Equity Tier 1

amount in euro

Profit for own funds purposes

Cassa di Risparmio	Sparim	Raetia	Banca di Cividale	intra-group consolidated derecognitions and adjustments	CrBz profit allocated to dividends	**Profit for own funds purposes**
74.683.101	10.309.188	(1.404.098)	(15.514.098)	106.685.767	(21.000.000)	**153.759.860**

Consolidated profit for the year

Cassa di Risparmio	Sparim	Raetia	Banca di Cividale	Sparkasse Haus	Fanes	Dolomit	intra-group consolidated derecognitions and adjustments	**Consolidated profit for the year**
74.683.101	10.309.188	(1.404.098)	(15.514.098)	(209.186)	0	0	107.518.738	**175.383.645**

Reconciliation between profit for the year and profit for own funds

Consolidated profit for the year	Sparkasse Haus reversal	Fanes reversal	Dolomit reversal	intra-group consolidated derecognitions and adjustments	CrBz profit allocated to dividends	**Profit for own funds purposes**
175.383.645	209.186	0	0	(832.971)	(21.000.000)	**153.759.860**

Details of consolidated intra-group derecognitions and adjustments	
1.328.252	Reversal of income components of Raetia sgr SpA
0	Reveral of the dividend of Sparim
-5.242.842	Reversal of IFRS 16 and properety effect (delta amortisation+gains on disposal)
832.971	Contribution of profit from consolidated according to Autosystem SpA NE method
107.357.910	Badwill resulting from the business combination with Banca di Cividale SpA
3.242.447	Profit (loss) attributable to minority interests
107.518.738	**Total intra-group consolidated derecognitions and adjustments**

CASH FLOW STATEMENT - Indirect method

A. OPERATING ACTIVITIES	Amount	
	31/12/2022	31/12/2021
1. Management	223,327	44,881
- profit (loss) for the year (+/-)	175,384	72,609
- capital gains/losses on financial assets held for trading and on other assets/liabilities measured at fair value through profit or loss (-/+)	7,694	4,141
- capital gains/losses on hedging activities (-/+)	(1,510)	(785)
- net value adjustments/write-backs for credit risk (+/-)	63,048	10,561
- net value adjustments/write-backs to property, plant and equipment and intangible assets (+/-)	23,727	15,913
- net allocations to provisions for risks and charges and other costs/revenues (+/-)	7,303	316
- net premiums not collected (-)	-	-
- other insurance income/charges not collected (-/+)	-	-
- unpaid taxes, duties and tax credits (+/-)	(28,274)	(26,572)
- net value adjustments/write-backs to discontinued operations net of the tax effect (-/+)	1,332	400
- other adjustments (+/-)	(25,377)	(31,702)
2. Cash flow generated from/used in financial assets	(5,083,662)	(959,627)
- financial assets held for trading	6,597	(1,126)
- financial assets designated at fair value	-	-
- other financial assets mandatorily measured at fair value	100,184	(29,178)
- financial assets measured at fair value through other comprehensive income	8,966	(212,982)
- financial assets measured at amortised cost	(4,914,341)	(730,859)
- other assets	(285,027)	14,518
3. Cash flow generated from/used in financial liabilities	5,951,964	979,480
- financial liabilities measured at amortised cost	5,785,769	909,888
- financial liabilities held for trading	425	287
- financial liabilities designated at fair value	(19,682)	(1)
- other liabilities	185,452	69,306
Net cash flow generated from/used in operating activities	1,091,669	64,734
B. INVESTMENT ACTIVITIES		
1. Cash flow generated from	20,518	12,349
- sales of equity investments	18	-
- dividends collected on equity investments	1,478	-
- sales of property, plant and equipment	19,022	12,349
- sales of intangible assets	-	-
- sales of subsidiaries and business units	-	-
2. Cash flow used in	(101,062)	(37,435)
- purchases of equity investments	(2,294)	(6,000)
- purchases of property, plant and equipment	(85,296)	(22,650)
- purchases of intangible assets	(13,472)	(8,785)
- purchases of subsidiaries and business units	-	-
Net cash flow generated from/used in investment activities	(80,544)	(25,086)
C. FUNDING ACTIVITIES		
- issues/purchases of treasury shares	(2,266)	(2,510)
- issues/purchases of equity instruments	-	-
- distribution of dividends and other purposes	(21,565)	(19,928)
- sale/purchase of controlling interests of third parties	61,156	-
Net cash flow generated from/used in funding activities	37,325	(22,438)
NET CASH FLOW GENERATED FROM/USED DURING THE YEAR	1,048,450	17,210

CASH FLOW STATEMENT - Reconciliation

Financial statement items	Amount	
	31/12/2022	31/12/2021
Cash and cash equivalents at the beginning of the year	119,146	101,936
Total net cash flow generated from/used during the year	1,048,450	17,210
Cash and cash equivalents: effect of changes in exchange rates	-	-
Cash and cash equivalents at the end of the year	1,167,596	119,146

Notes to the consolidated financial statements

Part A - Accounting policies

Part A - Accounting policies

A.1 - General part

Section 1 - Declaration of compliance with international accounting standards

These financial statements were drawn up in accordance with the current International Financial Reporting Standards (IFRS, formerly IAS), as adopted by the European Union, and the related interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The application of international accounting standards is also carried out with reference to the "Framework for the preparation and presentation of financial statements".

Below is a list of the IAS/IFRS in force, as endorsed by the European Commission, which have been adopted for the preparation of these financial statements:

IFRS 3 Business Combinations
IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations
IFRS 7 Financial Instruments: Disclosures
IFRS 8 Operating Segments
IFRS 9 Financial Instruments
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurement
IFRS 15 Revenue
IFRS 16 Leases
IAS 1 Presentation of Financial Statements
IAS 7 Statement of Cash Flows
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 Events After the Reporting Period
IAS 12 Income Taxes
IAS 16 Property, Plant and Equipment
IAS 19 Employee Benefits
IAS 21 Effects of Changes in Foreign Exchange Rates
IAS 23 Borrowing Costs
IAS 24 Related Party Disclosures
IAS 26 Accounting and Reporting by Retirement Benefit Plans
IAS 27 Separate Financial Statements
IAS 28 Investments in Associates and Joint Ventures
IAS 32 Financial Instruments: Presentation
IAS 36 Impairment of Assets
IAS 37 Provisions, Contingent Liabilities and Contingent Assets
IAS 38 Intangible Assets
IAS 39 Financial Instruments: Recognition and Measurement
IAS 40 Investment Property

IFRS accounting standards, amendments and interpretations applied from 1 January 2022

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group starting from 1 January 2022:

On 14 May 2020, the IASB published the following amendments:

- Amendments to IFRS 3 business combinations: the purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without this resulting in any changes to the provisions of the standard.
- Amendments to IAS 16 Property, Plant and Equipment: the purpose of the amendments is not to permit the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test

phase of the asset itself. These sales revenues and the related costs will therefore be recognised in the income statement.

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that the assessment of whether a contract is onerous shall include all costs directly attributable to the contract. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (such as, for example, the cost of the direct material used in the processing), but also all the costs that the company cannot avoid since it has stipulated the contract (such as, for example, the portion of depreciation of machinery used to perform the contract).
- Annual Improvements 2018-2020: amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and Illustrative Examples of IFRS 16 Leases.

The adoption of these amendments had no impact on the Group's consolidated financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatorily applicable and not adopted early by the Group at 31 December 2022

On 18 May 2017, the IASB published IFRS 17 - Insurance Contracts, which is intended to replace IFRS 4 - Insurance Contracts.
The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from the insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based framework to take into account all types of insurance contracts, including the reinsurance contracts that an insurer holds.
The new standard also provides for presentation and disclosure requirements to improve comparability between entities belonging to this sector.
The new standard measures an insurance contract on the basis of a General Model or a simplified version of this, called the Premium Allocation Approach ("PAA").
The main characteristics of the General Model are:

- the estimates and assumptions of future cash flows are always the current ones;
- the measurement reflects the time value of money;
- the estimates envisage an extensive use of information observable on the market;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated into groups of insurance contracts at initial recognition; and
- the expected profit is recognised over the contractual coverage period taking into account adjustments resulting from changes in cash flow assumptions related to each group of contracts.

The PAA approach provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, at the time of initial recognition, the entity expects that this 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 the application of the PAA method do not apply to the valuation of liabilities for existing claims, which are measured with the General Model. However, 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 from the date on which the claim is made.
An entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).
The standard applies from 1 January 2023 but early application is permitted, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The directors do not expect the adoption of this standard to have a significant impact on the Group's consolidated financial statements.
On 9 December 2021, the IASB published an amendment called "Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information". The amendment is a transition option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, and therefore at improving the usefulness of comparative information for readers of the financial statements. The amendments will apply from 1 January 2023, together with the application of IFRS 17.
On 12 February 2021, the IASB published two amendments called "Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates - Amendments to IAS 8". The amendments are aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of the financial statements as well as to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January 2023, but early application is permitted.
The directors do not expect the adoption of these amendments to have a significant impact on the Group's consolidated financial statements.
On 7 May 2021, the IASB published an amendment called "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred taxes on certain transactions that can generate assets and liabilities of the same amount, such as lease and dismantling obligations, must be accounted for. The amendments will apply from 1 January 2023, but early application is permitted. At this time the directors are evaluating the possible effects of the introduction of the amendment on the Group's consolidated financial statements.

IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union

At the date of this document, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.
On 23 January 2020, the IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The document aims to clarify how to classify payables and other short or long-term liabilities. The changes come into effect from 1 January 2023; early application is however permitted. The directors do not expect the adoption of this amendment to have a significant impact on the Group's half-yearly consolidated condensed financial statements.
On 22 September 2022, the IASB published an amendment called "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to assess the lease liability deriving from a sale & leaseback transaction so as not to recognise an income or a loss that refers to the retained rights of use. The amendments will apply from 1 January 2024, but early application is permitted. The directors do not expect the adoption of this amendment to have a significant impact on the financial statements.
On 30 January 2014, the IASB published IFRS 14 - Regulatory Deferral Accounts, which allows only first-time adopters of IFRSs to continue to recognise the amounts relating

to Rate Regulation Activities in accordance with the previous accounting standards adopted. As the Group is not a first-time adopter, this standard is not applicable.

It should also be noted that in these financial statements, account has been taken, where applicable, of interpretative and supporting documents for the application of accounting standards, in relation to the impacts of COVID-19, issued by European regulatory and supervisory bodies and standard setters. In particular:

- the EBA communication of 25 March 2020 "Statement on the application of the prudential framework regarding Default, Forbearance and IFRS 9 in light of COVID-19 measures";
- the ESMA communication of 25 March 2020 "Public Statement. Accounting implications of the COVID-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9";
- the IFRS Foundation document of 27 March 2020 "IFRS 9 and COVID-19 - Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the COVID-19 pandemic";
- the ECB letter of 1 April 2020 "IFRS 9 in the context of the coronavirus (COVID-19) pandemic" addressed to all significant institutions;
- the EBA guidelines of 2 April 2020 "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis";
- the communication from ESMA of 20 May 2020 "Implications of the COVID-19 outbreak on the half-yearly financial reports";
- the EBA guidelines of 2 June 2020 "Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis";
- the ESMA communication of 28 May 2020 "European common enforcement priorities for 2020 annual financial reports";
- the EBA guidelines of 2 December 2020 "Guidelines amending Guidelines EBA/GL/2020/02 on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis";
- the ECB letter of 4 December 2020 "Identification and measurement of credit risk in the context of the coronavirus (COVID-19) pandemic" addressed to all main institutions;
- the ESMA communication of 28 October 2022 "European common enforcement priorities for 2022 annual financial reports".

Section 2 - General preparation principles

The consolidated financial statements consist of the Consolidated Balance Sheet, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Statement of Changes in Consolidated Shareholders' Equity, the Consolidated Cash Flow Statement and the Notes to the Consolidated Financial Statements, in compliance with the rules for the compilation of the relevant schedules laid down in Bank of Italy Circular no. 262 issued on 22 December 2005, in implementation of Article 9 of Legislative Decree no. 38 of 28 February 2005, as amended, and have been prepared on a going concern basis, on an accrual basis, in accordance with the principle of relevance and significance of the information and substance over form.

Assets and liabilities, costs and revenues have not been offset, except in cases where this is expressly required or permitted by the accounting standards.

Pursuant to IAS 10, adjustments were made to reflect events subsequent to the reference date, if required by the international standard.

The Balance Sheet, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity and Cash Flow Statement present, in addition to the amounts relating to the reference year, the corresponding comparative data at the end of the previous year, possibly reclassified as more fully described in Section 5.

The values are expressed, unless otherwise indicated, in thousands of euro.

The consolidated Balance Sheet and the consolidated Income Statement do not include items that do not present amounts for either the current or the previous year;

similarly, tables that do not present amounts or changes in the same years are not shown in the Notes to the consolidated financial statements.
Any differences in the figures expressed in the Notes to the financial statements are due to rounding.

The joint coordination committee between the Bank of Italy, Consob and Isvap on the application of IAS/IFRS, with document no. 2 of 6 February 2009 "*Information to be provided in financial reports on the going concern, financial risks, impairment testing of assets and uncertainties in the use of estimates*", as well as with subsequent document no. 4 of 4 March 2010, requested the Directors to make particularly accurate assessments on the existence of the going concern assumption.
In this regard, paragraphs 25-26 of IAS 1 state that: "*In the preparation of financial statements, management must make an assessment of the entity's ability to continue as a going concern. Financial statements must be prepared on a going concern basis unless management intends to liquidate the entity or discontinue its operations, or has no realistic alternative to this. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties shall be disclosed. If the financial statements are not prepared on a going concern basis, that fact shall be disclosed, together with the criteria applied to the preparation of the financial statements and the reason why the entity is not regarded as a going concern*".
The conditions of the financial markets and of the real economy and the forecasts formulated with reference to the short/medium term require particularly accurate assessments on the existence of the going concern assumption, as the Group's history of profitability and easy access to financial resources may no longer be sufficient in the current context.
Starting from the end of February 2022, the Russian invasion of Ukraine caused a significant increase in the prices of numerous raw materials. The impact was particularly strong in the natural gas market, given the greater importance of infrastructural constraints and the high dependence of the European Union on imports from Russia to cover its energy needs.
In addition, strategic reasons have led many European countries to undertake an accelerated course of reducing imports of oil and gas from Russia, a phenomenon that has accentuated pressures on the global energy market. Inflation, already rising in 2021, accelerated rapidly on a global scale, also due to the indirect effects of the energy shock on other goods and services. The global economy was also affected by limitations imposed by the not yet eradicated pandemic phenomenon, with a generalised slowdown in the GDP of the various countries, with China under particular pressure.
In this regard, it is specified that the Management and Control Bodies consider very carefully the prospect of the continuation of the company's activity.
To this end, after examining the risks and uncertainties associated with the current macroeconomic context, it is deemed reasonable, also in consideration of the improvement in the equity, economic and financial indicators, which have reached levels considered satisfactory, to expect that the Group will continue to operate in the foreseeable future and, consequently, the financial statements have been prepared on a going concern basis.

Section 3 - Scope and methods of consolidation

1. Equity investments in wholly-owned subsidiaries

The scope of consolidation includes the following companies:

Company name	Operational office	Registered office	Type of relationship (*)	Shareholding relationship		Availability of votes %
				Investing company	Stake %	
1. Banca di Cividale SB S.p.A.	Cividale del Friuli (UD)	Cividale del Friuli (UD)	1	CR Bolzano S.p.A.	79.10	79.10
2. Sparim S.p.A.	Bolzano	Bolzano	1	CR Bolzano S.p.A.	100.00	100.00
3. Raetia SGR S.p.A. in liquidation	Bolzano	Bolzano	1	CR Bolzano S.p.A.	100.00	100.00
4. Sparkasse Haus S.r.l.	Bolzano	Bolzano	1	CR Bolzano S.p.A.	100.00	100.00
5. Dolomit Real Estate Fund in liquidation	Milan	Milan	4	CR Bolzano S.p.A.	96.82	
6. SPK OBG S.r.l.	Conegliano Veneto (TV)	Conegliano Veneto	4	CR Bolzano S.p.A.	60.00	60.00
7. Fanes S.r.l.	Conegliano Veneto (TV)	Conegliano Veneto	4	CR Bolzano S.p.A.	0.00	0.00

(*) Key:
1 = majority of voting rights in the ordinary shareholders' meeting;
2 = dominant influence in the ordinary shareholders' meeting;
3 = agreements with other shareholders
4 = other forms of control
5 = single management pursuant to Art. 26, paragraph 1, of "Legislative Decree 87/92"
6 = single management pursuant to Art. 26, paragraph 2, of "Legislative Decree 87/92"

Banca di Cividale S.p.A. joined the Cassa di Risparmio di Bolzano Banking Group as from 30 June 2022, following the successful takeover bid launched by Cassa di Risparmio di Bolzano on all outstanding CiviBank shares and CiviBank warrants, with an equity investment of 79.10%.
Also from the reporting period referring to 30 June 2022, the company SPK OBG S.r.l., a vehicle for covered bond issuance transactions, also joined the Cassa di Risparmio di Bolzano Banking Group.
On 27 July 2022, the Parent Bank purchased from Credit Agricole (formerly Cassa di Risparmio di Cesena) the residual portion of shares of the subsidiary Raetia SGR S.p.A. in liquidation, thus bringing its own shareholding to 100%.
The carrying amount of the equity investments in companies consolidated on a line-by-line basis is offset, against the assumption of the assets and liabilities of the investee, with the corresponding portion of the shareholders' equity of the companies.
The following operations are also carried out:

- derecognition of payables and receivables and intra-group costs and revenues, as well as dividends collected;
- derecognition of intra-group profits not realised with third parties.

It should be noted that the Group owns 96.82% of the shares of the Dolomit Real Estate Fund, without however holding effective voting right.
The accounting standard IFRS 10 requires the consolidation of a company even if there is no shareholding in the vote, but if control is exercised over the relevant activities of the same and if an entity has the power to affect its economic results. Given this assumption, the special purpose entity of the securitisation transactions Fanes Srl is fully consolidated.
Also included in the scope of consolidation is the investment over which the Parent Bank exercises a significant influence, i.e. holds a stake of between 20% and 50%. This company is valued using the equity method.

<table>
<tr><th rowspan="2">Company name</th><th rowspan="2">Operational office</th><th rowspan="2">Registered office</th><th colspan="2">Shareholding relationship</th></tr>
<tr><th>Investing company</th><th>Stake %</th></tr>
<tr><td>Autosystem società di servizi S.p.A.</td><td>Pordenone</td><td>Trento</td><td>CR Bolzano S.p.A.</td><td>25.00</td></tr>
</table>

2. Significant valuations and assumptions to determine the scope of consolidation

The scope of consolidation, as provided for by the IFRS 10, consists of the Parent Bank and the companies, even if they carry out dissimilar activities, which are in any case controlled by the Parent Bank.
As in the previous year's financial statements, it should be noted that the investment in Raetia SGR S.p.A., in liquidation (100%), although it is included in the scope of consolidation, following its liquidation on 27 April 2012, total assets and liabilities as well as the result of the income statement have been classified respectively under the items "Non-current assets and groups of assets held for sale", "Liabilities associated with assets held for sale" and "Gains (losses) from groups of assets held for sale" for their carrying amount after the cancellation and consolidation entries.
As of 15 November 2013, the closed-end real estate fund Dolomit in liquidation, in which the Group held 96.82% at 31 December 2022, is also included in the scope of consolidation, and for which the balance sheet and income statement have been fully consolidated on the basis of the Fund's Final Liquidation Report at 29 November 2018 (the last Report approved by the Board of Directors of the company Castello sgr). In January 2019, the asset management company proceeded with the partial redemption of the units to the subscribers of the Fund in accordance with the provisions of the distribution plan. The residual cash will be made available to investors, once the terms for the possible emergence of further liabilities have elapsed, according to the prudent and reasonable assessment of the SGR. Therefore, at 31 December 2022, the Fund is still consolidated, but the residual values are negligible.
As already specified at the end of the previous table, the special purpose entity Fanes Srl is also included in the scope of consolidation, with effect from 2013, based on the provisions of IFRS 10.

Recognition of negative goodwill ("badwill") on Banca di Cividale SB S.p.A.

It should be noted that already with reference to 30 June 2022, Euro 108.8 million relating to the badwill emerging from the provisional Purchase Price Allocation (PPA) process required by IFRS 3 "Business Combinations" with respect to the acquisition of control of CiviBank carried out in June 2022, were recognised under the item 230 of the income statement "Other operating income/expenses". The PPA process relating to the assets and liabilities subject to acquisition measured at fair value resulted in the allocation of Euro 21.6 million, gross of taxes.
Moreover, subsequently to the additional information collected in the second half of 2022 by Cassa di Risparmio di Bolzano on the acquired CiviBank's loan portfolio, an analysis was necessary to identify information on facts and circumstances that had been in place at the acquisition date which, if known, would have influenced the valuation of the amounts calculated at the time of the PPA. The presence of this information would have entailed, at the time of preparation of the 2022 consolidated financial statements, a change in the provisional PPA amounts recognised at the acquisition date, with retroactive effect.
In order to reflect the adjustments that would have retroactively influenced the PPA balances in line with the provisions of IFRS 3, with the support of the advisor KPMG:

- the Market Risk Premium (MRP), i.e. the differential return required by investors for an investment in equities compared to a risk-free investment, was updated. In particular, this parameter was updated by the source (A. Damodaran, observation of March 2022), an event unknown at the date of the assessment;

- a sample of positions was selected, on whose basis a change in flows was made, in view of factors that were reasonably foreseeable at the date of the PPA (30 June 2022) that would have influenced their classification and/or measurement.

All other parameters were not changed, since the measurements used previously were already the last available at the cut-off date of the Portfolio.
Following the above analyses and following the necessary changes, the FV underwent a reduction of Euro 2.7 million. In particular, the change directly attributable to the attention positions amounts to Euro 2.1 million, while the remainder relates exclusively to the rate effect (WACC update) distributed over the remaining portion of the Portfolio.
Following the adjustments recorded at 31 December, the Purchase Price Allocation (PPA) process relating to the acquisition of control of Banca di Cividale was made final, with a badwill value of Euro 107.4 million.
Lastly, it should be noted that the misalignments that arose as a result of the PPA process led to deviations between the income statement and statutory balance sheet figures of CiviBank and the data relating to the contribution to the consolidation by the subsidiary Bank starting from the third quarter of 2022.

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

With the entry as from 30 June 2022 of the subsidiary Banca di Cividale, whose minority interests represent 20.90% of the share capital, the separate financial statements of the same subsidiary are reported in this section.

	Asset items	31/12/2022	31/12/2021
10.	Cash and cash equivalents	452,857,733	995,635,684
20.	Financial assets measured at fair value through profit or loss	35,093,195	31,393,880
	a) financial assets held for trading	2,656,745	905,106
	b) financial assets designated at fair value	0	0
	c) other financial assets mandatorily measured at fair value	32,436,450	30,488,774
30.	Financial assets measured at fair value through other comprehensive income	128,399,515	151,106,960
40.	Financial assets measured at amortised cost	4,760,511,591	4,131,452,484
	a) loans to banks	177,205,467	33,501,953
	of which towards parent company	149,478,950	
	b) loans to customers	4,583,306,124	4,097,950,531
70.	Equity investments	2,287,700	2,269,859
80.	Property, plant and equipment	65,377,684	82,598,295
90.	Intangible assets	52,607	100,777
100.	Tax assets	67,786,494	52,696,128
	a) current	3,405,215	3,721,163
	b) deferred	64,381,279	48,974,965
110.	Non-current assets and groups of assets held for sale	0	89,204
120.	Other assets	89,095,732	59,215,474
	di cui verso controllante		
	Total Assets	**5,601,462,251**	**5,506,558,745**

	Liabilities and shareholders' equity items	31/12/2022	31/12/2021
10.	Financial liabilities measured at amortised cost	5,203,651,344	5,080,972,502
	a) due to banks	1,358,626,217	1,214,593,971
	of which towards parent company	149,477,737	
	b) due to customers	3,810,738,594	3,831,718,787
	c) securities issued	34,286,533	34,659,744
20.	Financial liabilities held for trading	25,162	48,215
60.	Tax liabilities	1,177,167	1,453,856
	a) current	197,377	716,241
	b) deferred	979,790	737,615
80.	Other liabilities	72,461,240	65,359,804
	of which towards parent company		
90.	Employee severance indemnity	2,673,597	3,417,658
100.	Provisions for risks and charges	14,972,810	4,321,871
	a) commitments and guarantees issued	3,942,438	898,018
	b) pension and similar obligations	0	0
	c) other provisions for risks and charges	11,030,372	3,423,853
110.	Valuation reserves	(2,762,337)	885,484
140.	Reserves	75,164,855	75,116,097
150.	Share premiums	188,548,482	188,548,482
160.	Share capital	79,362,930	79,362,930
170.	Treasury shares (-)	0	(7,051,155)
180.	Profit (loss) for the year (+/-)	(33,813,000)	14,123,000
	Total liabilities and shareholders' equity	**5,601,462,251**	**5,506,558,745**

	Income statement items	31/12/2022	31/12/2021
10.	Interest income and similar revenues	119,703,614	96,058,326
	of which: interest income calculated using the effective interest method	0	96,013,494
20.	Interest expense and similar charges	(17,741,933)	(19,559,571)
30.	**Net interest income**	**101,961,681**	**76,498,755**
40.	Fee and commission income	45,777,200	41,793,824
50.	Fee and commission expense	(6,171,977)	(5,549,368)
60.	**Net fee and commission income**	**39,605,223**	**36,244,456**
70.	Dividends and similar income	1,478,182	237,879
80.	Net profit (loss) from trading	(395,901)	576,494
90.	Net profit (loss) from hedging	0	0
100.	Gains (losses) on disposal or repurchase of:	(14,267,485)	7,190,496
	a) financial assets measured at amortised cost	(14,544,962)	6,423,342
	b) financial assets measured at fair value through other comprehensive income	276,768	767,158
	c) financial liabilities	709	(4)
110.	Net income from other financial assets and liabilities measured at fair value through profit or loss	(4,522,386)	326,287
	a) financial assets and liabilities designated at fair value	0	0
	b) other financial assets mandatorily measured at fair value	(4,522,386)	326,287
120.	**Net interest and other banking income**	**123,859,314**	**121,074,367**
130.	Net value adjustments/write-backs for credit risk relating to:	(63,376,382)	(25,428,877)
	a) financial assets measured at amortised cost	(63,191,319)	(25,395,556)
	b) financial assets measured at fair value through other comprehensive income	(185,063)	(33,321)
140.	Gains/losses from contractual amendments without cancellations	(142,280)	(53,190)
150.	Net income from financial management	60,340,652	95,592,300
160.	Administrative expenses:	(85,558,574)	(75,137,772)
	a) personnel expenses	(49,760,128)	(42,840,854)
	b) other administrative expenses	(35,798,446)	(32,296,918)
170.	Net allocations to provisions for risks and charges	(6,416,392)	(2,771,001)
	a) commitments and guarantees issued	(3,371,972)	(117,887)
	b) other net allocations	(3,044,420)	(2,653,114)
180.	Net value adjustments/write-backs to property, plant and equipment	(21,999,999)	(4,231,415)
190.	Net value adjustments/write-backs to intangible assets	(48,170)	(74,390)
200.	Other operating income/expenses	3,755,540	9,035,266
210.	**Operating costs**	**(110,267,595)**	**(73,179,312)**
220.	Gains (losses) on equity investments	1,468,637	0
230.	Net result from fair value measurement of property, plant and equipment and intangible assets	521,841	0
250.	Gains (losses) from disposal of investments	28,155	(30,781)
260.	**Profit (loss) from current operations before tax**	**(47,908,310)**	**22,382,207**
270.	Income taxes for the year on current operations	14,095,310	(8,259,207)
280.	**Profit (loss) from current operations after tax**	**(33,813,000)**	**14,123,000**
290.	Profit (loss) from discontinued operations after taxes		
300.	**Profit (loss) for the year**	**(33,813,000)**	**14,123,000**

4. Significant restrictions

In the absence of significant restrictions, this part is not completed.

5. Other information

The financial statements of the subsidiaries used for the preparation of these Financial Statements refer to 31 December 2022 with the exception of the Dolomit Fund in liquidation, for which the Final Liquidation Report at 29 November 2018 was used.

Section 4 - Events after the reporting date

For a description of events after the reporting date, please refer to the "Board of Directors' Report on Group operations".

Section 5 - Other aspects

Risks and uncertainties associated with the use of estimates

The estimation processes to support the carrying amount of the most significant valuation items recorded in the financial statements were completed, as required by the applicable accounting standards and reference regulations. These processes are based to a large extent on estimates of the future recoverability of the values recorded in the financial statements according to the rules set forth in the applicable regulations and were carried out on a going concern basis, i.e. regardless of the hypothesis of forced liquidation of the items subject to valuation.
The survey carried out confirms the carrying amounts of the items mentioned at 31 December 2022. However, it should be noted that the valuation process described is made particularly complex in consideration of the current macroeconomic and market context, characterised by levels of volatility that can be found on all the financial figures determining the valuation, and the consequent difficulty in formulating performance forecast, including in the short term, relating to the aforementioned financial parameters that significantly affect the values being estimated. The use of estimates and valuations that may have a significant impact on the values recorded in the balance sheet and in the income statement relate in particular to loans, valuation of financial assets and quantification of personnel provisions and provisions for risks and charges, use of valuation models for the recognition of the fair value of financial instruments not listed on active markets, equity investments and goodwill and the estimated recoverability of deferred tax assets.

Restatement of comparative data

With reference to the provisions of IFRS 3 par. 61, 62 and 63, as regards business combinations, it should be noted that there were no changes in the values reported in the previous year.

Change in measurement criteria

It should be noted that in 2022 the Group maintained the same measurement criteria as in the previous year.

Statutory audit

Starting from the 2019 consolidated and separate financial statements, the audit activity is carried out by the independent auditors Deloitte & Touche S.p.A., as resolved by the Shareholders' Meeting of the Parent Bank on 10 April 2018, which assigned to it the task of auditing, for the period 2019 - 2027, pursuant to Art. 17, paragraph 1 of Legislative Decree no. 39 of 27 January 2010.

A.2 - PART RELATED TO THE MAIN FINANCIAL STATEMENT ITEMS

The criteria for recognising, classifying, measuring, derecognising and recording income and expense items are described below for each item in the balance sheet and, to the extent compatible, in the income statement.

1 - Financial assets measured at fair value through profit or loss

1.1 Financial assets held for trading

Recognition criteria

Financial assets held for trading are initially recognised on the settlement date at their fair value, which normally corresponds to the amount paid, with the exception of transaction costs and revenues, which are immediately recognised in the income statement even if directly attributable to said financial assets. Trading derivatives are recognised by trade date.

Classification criteria

A financial asset is classified as held for trading if:

- is acquired mainly with a view to being sold in the short-term;
- is part of a portfolio of financial instruments that is managed jointly and for which there is a strategy aimed at achieving profits in the short term;
- is a derivative contract not designated as part of hedging transactions, including derivatives with positive fair value embedded in financial liabilities other than those measured at fair value with recognition of the income effects in the income statement.

A financial instrument or other contract that has the following three characteristics is considered a derivative:

- its value changes in relation to the change in an interest rate, the price of a financial instrument, the price of a commodity, the exchange rate in foreign currency, a price or rate index, creditworthiness (rating) or credit ratios or other pre-established variable (generally referred to as the "underlying") provided that, in the case of a non-financial variable, this is not specific to one of the contractual parties;
- does not require an initial net investment or requires a smaller initial net investment than would be required for other types of contracts from which one would expect a similar fluctuation in value in response to changes in market factors;
- is settled at a future date.

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract, with the effect that some of the cash flows of the instrument as a whole vary in a similar way to those of the stand-alone derivative.
An embedded derivative is separated from financial assets and/or liabilities other than those measured at fair value through profit or loss and from non-financial instruments, and is accounted for as a derivative, if:

- the economic characteristics and risks of the embedded derivative are not strictly related to those of the host contract;
- a separate instrument with the same conditions as the embedded derivative would meet the definition of a derivative; and
- the hybrid instrument is not measured in its entirety at fair value through profit or loss.

In cases where the embedded derivatives are separate, the primary contracts are accounted for according to the category to which they belong.

Measurement and recognition criteria for income components

After the initial recognition, the assets are measured at fair value.
To determine the fair value of debt and equity securities listed (contributed) in an active market (level 1), the market prices of the last day of the reference year are used. In the absence of an active market (level 2), estimation and valuation methods based on

market data and usually accepted in financial practice are used. These include: calculations of discounted cash flows, values recognised in recent transactions, valuations of listed instruments with similar characteristics. If data is not available to carry out the valuations according to the aforementioned methods, a fair value (level 3) measurement is carried out using non-observable data (e.g. adjusted shareholders' equity; costs, if they represent the best expression of fair value).
To determine the fair value of derivative contracts, estimation methods and valuation models (level 2) are used, such as the discounting of expected cash flows, through an internal valuation method carried out by the Risk Management Service.
Gains and losses realised both from sale or redemption, and from the change in fair value of financial assets held for trading, are recognised in the income statement item "Net profit (loss) from trading".
Commissions and interest are recognised on an accruals basis under interest.

Derecognition criteria
Financial assets are derecognised when the contractual rights on the cash flows deriving from the assets themselves expire or when the asset is sold by transferring all the risks and benefits related to it.

1.2 Financial assets designated at fair value
Classification criteria
A non-derivative financial asset can be designated at fair value if this designation makes it possible to avoid accounting mismatches deriving from the measurement of assets and associated liabilities according to different measurement criteria.

Measurement and recognition criteria for income components
The accounting treatment of these transactions is similar to that of "Financial assets held for trading". The income statement components are recognised in the item "Net income from other financial assets and liabilities measured at fair value".

Derecognition criteria
Financial assets are derecognised when the contractual rights on the cash flows deriving from the assets themselves expire or when the asset is sold by transferring all the risks and benefits related to it.

1.3 Other financial assets mandatorily measured at fair value
Classification criteria
A financial asset is classified as a financial asset mandatorily measured at fair value if it does not meet the conditions, in terms of business model or cash flow characteristics, for measurement at amortised cost or at fair value through other comprehensive income.
In particular, the following are classified in this portfolio:

- debt instruments, securities and loans whose business model is neither held to collect nor held to collect and sell, but which do not belong to the trading book;
- debt instruments, securities and loans, whose cash flows do not represent only the payment of principal and interest;
- UCITS units;
- equity instruments for which the Group does not apply the option granted by the standard to measure these instruments at fair value through other comprehensive income.

Measurement and recognition criteria for income components
The accounting treatment of these transactions is similar to that of "Financial assets held for trading". The income statement components are recognised in the item "Net income from other financial assets and liabilities measured at fair value".

Derecognition criteria
Financial assets are derecognised when the contractual rights on the cash flows deriving from the assets themselves expire or when the asset is sold by transferring all the risks and benefits related to it.

2 - Financial assets measured at fair value through other comprehensive income

Recognition criteria

Financial assets measured at fair value through other comprehensive income are initially recognised on the settlement date at fair value, which normally corresponds to the transaction price including transaction costs and revenues directly attributable to the instrument itself.

Classification criteria

A financial asset is classified as a financial asset measured at fair value through other comprehensive income if:

- the objective of its business model is pursued through both the collection of contractual cash flows and the sale of financial assets ("held-to-collect and sell");
- the related cash flows represent only the payment of principal and interest.

Equity instruments for which the Group applies the option granted by the standard to measure these instruments at fair value through other comprehensive income are also classified in this category.

Measurement and recognition criteria for income components

After initial recognition, interest accrued on interest-bearing instruments is recognised in the income statement according to the amortised cost method.
Gains and losses deriving from changes in fair value are recognised in the Statement of comprehensive income and posted under item 120. "Valuation reserves".
These instruments, both in the form of debt securities and of loans and receivables, are subject to calculation of expected credit losses, or the assessment of the issuer's creditworthiness, as illustrated in the specific section "Impairment".
These impairments are recorded in the income statement with a contra-entry in the statement of comprehensive income and are also posted under item 120. Valuation reserves, as an adjustment of the fair value delta recorded therein.
In the event of disposal, the accumulated gains and losses are recognised in the income statement.
With regard to equity instruments, gains and losses deriving from changes in fair value are recognised in the Statement of comprehensive income and posted under item 120. Valuation reserves.
In the event of disposal, the accumulated gains and losses are recorded under item 150. Other equity reserves.
Equity instruments are not recognised in the income statement for expected credit losses, intended as impairment in compliance with the provisions of IFRS 9.

Derecognition criteria

Financial assets measured at fair value through other comprehensive income are derecognised when the contractual rights on the cash flows deriving from the assets themselves expire or when the asset is sold by transferring all the risks and benefits related to it.

Equity OCI Option

With regard to non-trading equity instruments (basically, equity investments held, excluding majority interests), IFRS 9 provides for the possibility of classifying them at fair value through other comprehensive income (so-called *FVTOCI*); this is an irrevocable choice (defined as the OCI option) and in this case there is no recycling in the income statement, even in the case of sale of the instrument. Only dividends are recorded in the income statement. However, dividends are recognised as a contra-entry when they represent a repayment of the investment, rather than a return on the investment. This occurs in the event of the collection of dividends where the value of the instrument is significantly lower than the purchase cost thereof. The option can be exercised at the level of the individual financial instrument and individual purchase tranche, and can be exercised upon initial recognition of the instrument.
For Cassa di Risparmio di Bolzano, this is an option that affects minority holdings which, pursuant to the previous accounting standard IAS 39, were classified in the AFS

portfolio. The Group has moved towards adopting the option (OCI option) for all investments held with the exception of the equity investment in Satispay S.p.A. and Banca popolare di Cividale S.p.A..

<u>3 - Financial assets measured at amortised cost:</u>

Recognition criteria

The initial recognition of the financial asset takes place, on the settlement date, at fair value, normally coinciding with the cost, including transaction costs or income.

Classification criteria

A financial asset is classified as a financial asset measured at amortised cost if:

- the objective of its business is the possession of assets aimed at the collection of contractual cash flows ("held-to-collect");
- the related cash flows represent only the payment of principal and interest.

These items also include the net values referring to finance lease transactions of assets under construction and assets pending finance lease, whose contracts have the characteristics of "contracts with transfer of risks".

Measurement and recognition criteria for income components

After initial recognition at fair value, these assets are measured at amortised cost, which determines the recognition of interest on the basis of the effective interest rate criterion pro rata temporis over the duration of the receivable.

The carrying amount of financial assets at amortised cost is adjusted to take into account the reductions/write-backs resulting from the valuation process in accordance with paragraph 8 below "Impairment".

Derecognition criteria

Financial assets measured at amortised cost are derecognised when the contractual rights on the cash flows deriving from the assets themselves expire or when the asset is sold by transferring all the risks and benefits related to it.

With specific reference to receivables, they are derecognised when they are extinguished, sold or become impaired with the simultaneous transfer of all related risks and benefits.

<u>4 - Financial liabilities measured at amortised cost</u>

Recognition criteria

Initial recognition of these financial liabilities takes place when the amounts are received or the securities are issued. The recognition is made on the basis of the fair value of these liabilities, equal to the amounts collected or the issue price modified by any additional costs/income directly attributable to the individual issue.

Classification criteria

Payables and securities issued include amounts due to banks and due to customers in the various forms of funding (current accounts, loans, deposits, savings deposits, third party funds under administration, repurchase agreements in securities) and securities (certificates of deposit and bonds) issued and outstanding, net of any repurchases, not subject to operational risk hedging through the signing of derivative contracts.

Measurement and recognition criteria for income components

After initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method. Bonds, certificates of deposit and time deposits with customers classified in hedge accounting are measured at fair value with recognition of the related change in the income statement (fair value hedge). An exception is made for short-term liabilities, which are stated at the amount received. Interest is recognised on an accruals basis.

Derecognition criteria

Derecognition occurs when the liabilities are extinguished or expired, as well as when securities previously issued are repurchased; in this case, the differential between the recognition price and the repurchase price is recognised in the income statement.

Any subsequent placement on the market is considered as a new issue and is recognised at the new placement price without any effect on the income statement.

5 - Financial liabilities held for trading

Recognition criteria

Initial recognition takes place on the settlement date for debt and equity securities and on the subscription date for derivative contracts. At the time of initial recognition, liabilities are recognised at fair value, normally coinciding with the cost, without considering transaction costs or income that are directly charged to the income statement.

Classification criteria

This item includes:

- derivative contracts, with a negative current value, held for trading purposes. This item includes derivative contracts entered into to hedge interest rate risks on assets that do not meet the requirements set for hedge accounting and have therefore been reclassified as trading derivatives;
- derivative contracts, with a negative current value, related to the application of the fair value option;
- any other financial liabilities held for trading.

Measurement and recognition criteria for income components

For financial liabilities held for trading, the same criteria apply as for "Financial assets held for trading".

Derecognition criteria

Financial liabilities are derecognised when the contractual rights on the cash flows deriving from the liabilities themselves expire or when the liability is sold by transferring all the risks and benefits related to it.

6 - Financial liabilities designated at fair value

Recognition criteria

At the time of initial recognition, liabilities are recognised at fair value, normally coinciding with the cost, without considering transaction costs or income.

Classification criteria

This category includes financial liabilities that, similar to financial assets, may be designated as financial liabilities measured at fair value upon initial recognition, in accordance with IFRS 9, provided that:

- this designation eliminates or considerably reduces a mismatch that would otherwise result from the measurement on different bases of assets or liabilities and the relative profits and losses;

or,

- a group of financial assets, financial liabilities or both is managed and measured at fair value according to a risk management or an investment strategy documented internally by the Company's Management Bodies.

This category may also include financial liabilities represented by hybrid (combined) instruments containing embedded derivatives that would otherwise have had to be separated.

In application of the above, this item includes bonds issued, net of repurchases, whose market risk is hedged on a management basis through derivative contracts. The current value of the latter is reclassified under assets/liabilities held for trading.

The remaining bonds issued are classified under "Securities issued".

Financial liabilities belonging to this category are measured at fair value initially and over the life of the transaction.

Measurement and recognition criteria for income components

Changes in fair value are recognised in the income statement with the exception of any changes in fair value deriving from changes in own creditworthiness, which are stated in item 120. "Valuation reserves" unless such recognition results in a mismatch arising from the measurement on different bases of assets or liabilities and the relative profits and losses, in which case changes in fair value arising from changes in own creditworthiness are also recognised in the income statement.

Derecognition criteria
Liabilities are derecognised when they are extinguished or when the obligation specified in the contract is fulfilled or cancelled or expired.

7 - Other issues - Purchased or originated impaired financial assets
If, upon initial recognition, a credit exposure is recorded under item 30. Financial assets measured at fair value through other comprehensive income or 40. Financial assets measured at amortised cost, is impaired, it is classified as "Purchased or Originated Credit Impaired - POCI.
The amortised cost and, consequently, the interest income generated by these assets are calculated considering, in the estimate of future cash flows, the credit losses expected over the entire residual life of the asset.
"Purchased or originated impaired financial assets" are conventionally presented at initial recognition as part of Stage 3.
If, following an improvement in the creditworthiness of the counterparty, the assets are "performing", they are classified as part of Stage 2.
These assets are never classified under Stage 1 since the expected credit loss must always be calculated considering a time horizon equal to the residual maturity.
In addition to purchased impaired assets, the Group identifies as "Purchased or originated impaired financial assets" the credit exposures originated as a result of restructuring transactions of impaired exposures that resulted in the origination of new loans that are significant, in absolute or relative terms, proportionally to the amount of the original exposure. In this regard, in order to be considered significant, the origination of new loans must amount to more than 10% of the value of the previously outstanding restructured positions. The disbursements of new loans of less than 10% of the restructured positions, but in an amount exceeding Euro 500 thousand, will also be considered as "POCI".

8 - Value adjustments ("Impairment")
General aspects
Loans and debt securities classified under financial assets at amortised cost, financial assets measured at fair value through other comprehensive income and the relevant off-balance sheet exposures are subject to the calculation of value adjustments in accordance with IFRS 9.
In this regard, these instruments are classified in stage 1, stage 2 or stage 3 depending on their absolute or relative credit quality with respect to the initial disbursement.
In particular:
Stage 1: includes (i) newly originated or acquired credit exposures, (ii) exposures that have not suffered a significant deterioration in credit risk with respect to the initial recognition date and (iii) exposures with low credit risk exemption.
Stage 2: includes credit exposures that, although not impaired, have undergone a significant deterioration in credit risk compared to the initial recognition date.
Stage 3: includes impaired credit exposures.
For exposures belonging to stage 1, total value adjustments are equal to the expected loss calculated over a time horizon of up to one year.
For exposures belonging to stages 2 or 3, total value adjustments are equal to the expected loss calculated over a time horizon equal to the entire duration of the related exposure.
In order to meet the requirements of the standard, the Group uses specific models for calculating the expected loss, which use the parameters of probability of default ("PD"), loss given default ("LGD") and exposure at the date of default ("EAD") to ensure consistency with accounting standards. Forward-looking information was also included through the development of specific scenarios.
A key aspect deriving from the accounting model introduced by IFRS 9 and required for the calculation of the expected credit loss is represented by the stage allocation

model aimed at transferring the (performing) exposures between Stage 1 and Stage 2 (Stage 3 being equivalent to that of non-performing exposures).
In the Group, the Stage Allocation assessment model was based on a combination of internal and absolute elements. The main elements were:

- the comparison at the transaction level between the PD measure at the time of disbursement and the PD measure at the reporting date, both of which are quantified using internal models, using thresholds that are set to consider all key variables in each transaction that may affect the bank's expectation of changes in PD over time;
- absolute elements required by the regulations (e.g. 30 days past due) and additional internal evidence such as, for example, new classification among the forborne exposures, other elements and presence of particular anomalies (of the class "strong alerts") in the CQM (Credit Quality Management) procedure.

The criteria for determining the write-downs to be made to receivables (Stage 2) are based on the discounting of expected cash flows for principal and interest, in line with the portfolio management model, and the key elements are represented by the identification of estimated collections, the related collection dates and the discount rate to be applied.
With reference to debt securities, the Group opted for the application of the "low credit risk exemption" on investment grade securities, in full compliance with the provisions of the accounting standard.
The area of non-performing loans (Stage 3) includes the following types of problem loans:

- bad loans;
- unlikely to pay;
- past due or overrun loans.

Impairment losses on individual non-performing loans are equal to the negative difference between their recoverable amount and the corresponding amortised cost.
The recoverable amount is equal to the present value of expected cash flows for principal and interest calculated on the basis of:

1. the expected recovery value of loans, i.e. the value of contractual cash flows in terms of principal and interest net of expected losses;
2. the expected recovery time;
3. the discount rate, which is equal to the original internal rate of return.

Therefore, with reference to the different types of problem loans, the method used to determine the expected recovery value and the expected recovery time is as follows:

- <u>bad loans</u>:
  Bad loans represent exposures to insolvent (or substantially similar) parties that the Parent Bank has placed in default and for which the contractual payment terms have therefore expired and forced recovery has been initiated.
  As a general rule, therefore, the expected recovery value of bad loans must be calculated analytically, also taking into account the recovery rates that have historically occurred on similar risk positions.
  The determination of the expected recovery value of bad loans is differentiated according to whether the exposure is secured or unsecured, in which case it is necessary to consider whether it is "collateral" or "personal".
  When the customer is classified under "bad loans", the expected recovery value takes into account the value previously identified among the positions "unlikely to pay".
  As part of the semi-annual review of the adequacy of analytical provisioning for positions classified as bad loans and taking into account:
  - the actual collections, including partial;
  - the presence of credit preservation acts after the opening of the bad loan (e.g. registration of a judicial mortgage on a large property);
  - indications of a further reduction in the value of the collateral based on updated estimates and more generally the overall picture of the position (initiation of procedures, unsuccessful auctions, etc.).

  Any upward adjustments or write-backs will be recorded, in particular for those positions that have benefited from significant collections. Significant collections are generally defined at least 10% of the outstanding debt with a minimum amount of Euro 150,000 on positions with residual pre-redemption exposures exceeding Euro 500.000

If the full recovery of the capital portion recognised as bad loan is doubtful, the positions are usually rendered non-interest bearing.

If there is evidence, also on the basis of legal assessments, of the current and future non-recoverability of all or part of the principal of the position (e.g. non-liability in the event of proceedings, evidence of non-recoverable impairment of the guarantees supporting the position, closure of bankruptcy proceedings, ascertained inability to act further on other sources of recovery, etc.), it will be possible to evaluate the transfer to a loss, even partial, of the position by adequately justifying the request.

Even in the case of resolutions accepting "balance and write-off" offers of the positions according to the provisions of the Credit Process, the residual principal part not satisfied will be classified as a loss.

- unlikely to pay:
  unlikely to pay loans represent those credit relationships which, despite the temporary payment difficulties of their debtors, are still in full operation and for which the original contractual terms (or those possibly renegotiated with the counterparties) remain in force. For these exposures, therefore, the estimate of the expected recovery value can only be made taking into account the contractual cash flows net of the related expected loss and the changed recovery time forecasts, therefore assuming a return to normality of these exposures once the payment difficulties by debtors are overcome. As for bad loans, the expected recovery value of unlikely to pay loans must be calculated analytically, also taking into account the recovery rates that have historically occurred on similar risk positions. The determination of the expected recovery value of unlikely to pay loans is differentiated according to whether the exposure is secured or unsecured, in which case it is necessary to consider whether it is "collateral" or "personal".
- past due or overrun loans:
  this category includes loans past due or overrun by more than 90 days calculated according to the current rules established by the Bank of Italy. The estimate of the expected recovery value of past due and/or overdue non-performing loans takes place in the "forfeit" form. The loss forecast is determined by applying a percentage of the average write-down of bad and unlikely to pay loans to the corresponding portion of loans which, on the basis of historical analysis, will be transformed into bad and unlikely to pay loans. The loss forecast is reviewed annually. In the 2022 financial year, the loss forecast was determined on a flat-rate basis at 20%, in line with the previous financial year.

Impairment losses are recorded in the specific income statement item "Net value adjustments/write-backs for credit impairment". The original value of the loans is reinstated in subsequent years to the extent that the reasons that determined the adjustment no longer apply, and the write-back is also recorded in the income statement.

The increases in the present value of non-performing loans deriving from the passage of time (i.e. the expected moment for recovery draws near) are also recognised, albeit separately, under interest income.

Referring to the considerations made above with reference to the model used to determine the expected loss on performing positions, the following is some detailed information on the variables used to estimate the probability of default of the entrusted counterparties and the recovery rates in the event of their default.

For the measurement of expected losses on performing positions, the following information must be acquired:

- the probability of default (PD), i.e. the probability that the counterparty is classified as a "non-performing" loan (in Supervisory terminology) in the time horizon of 1 year and is therefore not potentially able to fulfil, in whole or in part, its contractual obligations;
- the PD is determined by rating class and by counterparty segment/model;

- the exposure of the position (EAD - Exposure at Default), which is either the amount of the residual loan to the counterparty or the potential amount of the loan to the counterparty which the Parent Bank could risk losing in the event of the counterparty's default;
- the Loss Given Default (LGD), i.e. the expected loss rate on a given credit exposure in the event of default by the counterparty.

LGD is determined by technical form and by counterparty segment/model.
The measure of expected loss can be defined as the product of the probability of default by the counterparty, the loss rate in the event of default by the counterparty and the exposure to the counterparty.
Impairment losses determined on performing loans are also recorded in the specific income statement item "Net value adjustments/write-backs for credit impairment".
With reference to the portfolio of performing endorsement loans, divided in turn between Stage 1 and 2, the write-down is determined by applying to the existing positions the average Parent Bank LGD calculated quarterly and, where applicable, the counterparty's PD, otherwise the average Bank PD calculated quarterly.

9 - Hedging transactions

The Group avails itself of the option provided by IFRS 9 to continue to apply the accounting estimates relating to hedging transactions contained in IAS 39.

Recognition criteria

Hedging derivatives are initially recognised at the date of stipulation at fair value, normally corresponding to the consideration paid, excluding transaction costs or revenues directly attributable to the instrument, which are charged directly to the income statement.

Classification criteria

Risk hedging transactions are aimed at neutralising potential losses on a certain element or a group of elements (hedged item), attributable to a certain risk, through the profits recorded on a different element or a different group of elements (hedging instrument) in the event that particular risk should actually occur.
The types of hedges envisaged by IAS 39 are:

- fair value hedge: has the objective of reducing exposure to adverse changes in the fair value of financial assets and financial liabilities, due to a particular risk;
- cash flow hedge: aimed at reducing exposure to adverse changes in expected cash flows against financial assets, financial liabilities or highly probable future transactions;
- hedge of a net investment in a foreign entity: with the aim of reducing exposure to adverse changes in expected cash flows for a transaction in foreign currency.

It is possible to apply the criteria envisaged for hedging transactions only if all the following conditions are met:

- the hedging relationship is formally designated and documented at the beginning of the relationship, with an indication of the risk management objectives and the strategies to achieve hedging, the hedged item and hedging instrument, the type of risk hedged and the criteria to measure the effectiveness of the hedge;
- the hedge must be "highly effective", i.e. changes in the fair value or cash flows of the hedged item must be almost completely offset by the corresponding changes in the hedging instrument. This offsetting effect must be realised in line with the risk management strategies, as originally documented (for hedging purposes). Furthermore, the effectiveness of the hedge (and therefore the related fair values) must be reliably measurable;
- the effectiveness of the hedge must be tested at the beginning and regularly throughout the life of the hedge. The hedge is considered highly effective when, at the beginning and during the relationship, there is an expectation that the changes, in terms of fair value and cash flows attributable to the hedged risk, will be almost entirely offset by corresponding changes in the hedging instruments, as well as the circumstance that, in the final balance, it made it possible to offset

changes in the fair value or cash flows of the hedged item in a range from 80% to 125%;

- the effectiveness must be tested at each financial reporting date;
- in the case of hedging of a future transaction, the conclusion of the transaction must be highly probable;
- only those involving an external counterparty may be designated as hedging instruments.

Using only financial derivative contracts as hedging instruments, the Group exclusively envisages fair value hedges to hedge interest rate risk.

Measurement and recognition criteria for income components

Subsequent to initial recognition, hedging derivatives are measured at fair value.

The criteria for determining the fair value of financial instruments are described in section "A.4 - Information on fair value" of the Notes to the Financial Statements.

For fair value hedges, both changes in fair value relating to derivative contracts and changes in fair value relating to risks hedged relating to hedged items are recognised in the item "Net profit (loss) from hedging".

For cash flow hedges, accounting entries concern only derivative contracts: if the hedging relationship is fully effective, the change in the fair value of the derivative contract is recognised as a balancing entry to the changes in the "cash flow hedge" valuation reserve while, in the event of total or partial ineffectiveness, the portion of fair value referring to the ineffective component is charged to the income statement under the item" Net profit (loss) from trading".

Derecognition criteria

For fair value hedges, hedge accounting ceases prospectively in the following cases:

a) the hedging instrument expires, is sold, discontinued or exercised;
b) the hedge no longer meets the criteria envisaged for the accounting of the hedging transactions described above;
c) the company revokes the designation.

For cash flow hedges, hedge accounting ceases prospectively in the following cases:

a) the hedging instrument expires, is sold, discontinued or exercised. In this case, the overall gain or loss of the hedging instrument, recognised directly in equity from the period in which the hedge was effective, must remain separately recognised in equity until the planned transaction occurs;
b) the hedge no longer meets the criteria envisaged for the accounting of the hedging transactions described above. In this case, the overall gain or loss of the hedging instrument, recognised directly in equity from the period in which the hedge was effective, must remain separately recognised in equity until the planned transaction occurs;
c) it is expected that the planned transaction will no longer occur, in which case any related overall profit or loss on the hedging instrument that remains recognised directly in equity from the period in which the hedge was effective must be recognised in the income statement under the item "Net profit (loss) from trading";
d) the designation is revoked. For hedging of planned transactions, the overall gain or loss of the hedging instrument recognised directly in equity from the period in which the hedge was effective remains separately recognised in equity until the planned transaction occurs or when it is no longer expected it will take place; If it is expected that the transaction will no longer occur, the overall profit or loss that had been recognised directly in equity must be recognised in the income statement under the item "Net profit (loss) from trading".

10 - Equity investments

Recognition criteria

The initial recognition of equity investments takes place on the settlement date. Upon initial recognition, the assets are recognised at cost.

Classification criteria

The item includes equity investments held in associates or companies subject to joint control. Associates are companies in which the Group holds at least 20% of the voting rights or companies in which specific legal ties lead to their being subject to significant influence; companies subject to joint control are companies for which contractual, shareholder or other agreements determine joint management and the appointment of directors.

Measurement and recognition criteria for income components

Subsequent to their initial recognition, equity investments are measured using the equity method.

If there is evidence that the value of an equity investment may have been impaired, the recoverable amount of the equity investment is estimated, taking into account the present value of the future cash flows that the equity investment may generate, including the final disposal value of the investment and/or other measurement elements (for example the pro-rata equity ratio).

The amount of any impairment, determined on the basis of the difference between the carrying amount of the equity investment and its recoverable amount, is recognised in the income statement under the item "gains (losses) on equity investments".

If the reasons for the impairment cease to apply as a result of an event occurring after the recognition of the impairment, a reversal of the impairment loss is recognised in the same item of the income statement, up to the amount of the previous adjustment.

The pro-rata results for the year of associates and companies subject to joint control are recognised in the income statement under item 250. "Gains (losses) on equity investments".

Derecognition criteria

Equity investments are derecognised when the contractual rights on the cash flows deriving from the same assets expire or when the asset is sold transferring all the risks and benefits related to it.

11 - Property, plant and equipment

Recognition criteria

Property, plant and equipment are initially recognised at cost, which is equal to the purchase price increased by any charges attributable to the purchase and to the commissioning of the asset. Extraordinary maintenance costs that involve an increase in future economic benefits are recognised as an increase in the value of the assets, while ordinary maintenance costs are recognised in the income statement.

Classification criteria

Property, plant and equipment include land, operating properties, investment property, plant, furniture, furnishings, equipment of any type and, starting from 1 January 2019, rights of use on assets acquired under leases pursuant to the provisions of IFRS 16.

In particular, this item includes both property, plant and equipment used for the Group's operations, i.e., acquired for the provision of services or for administrative purposes, and those (buildings) held for investment purposes, i.e., acquired to earn rentals and/or held for capital appreciation.

This item also includes the costs incurred for the renovation of third-party assets, as for the duration of the lease contract the user company has control over the assets and draws from them future economic benefits.

Measurement and recognition criteria for income components

After initial recognition, property, plant and equipment are measured:

- at cost, less any depreciation and impairment losses, as regards property, plant and equipment used for the Group's operations other than properties. Fixed assets are depreciated over their useful life, using the straight-line method, with the exception of works of art which, as they have an indefinite useful life, cannot be depreciated;
- at fair value, with adjustment at the end of each reporting period and recognition of the differential in the income statement, as regards properties under property, plant and equipment held for investment purposes. The fair value is determined on the basis of appraisals prepared at least annually by a qualified third party, chosen from among the leading companies in the sector;
- at fair value, starting from 2014, as regards the properties used for the Group's operations, adopting the Revaluation Model system provided for by IAS 16 instead of the Cost Model previously adopted. The application of this method

involves the recognition of the properties at a value equal to their fair value, netted in subsequent years of the effects of the depreciation of said value, with the exclusion of that relating to land separated from the value of the building, presenting indefinite useful life. The unbundling of these values takes place only for buildings "free-standing". IAS 16 requires that the frequency of revaluations depends on fluctuations in the fair value of the revalued property, plant and equipment. When the fair value of the revalued asset differs materially from its carrying amount, a further revaluation is required. Frequent revaluations are not required for property, plant and equipment that have only insignificant fluctuations in their fair value. It may then only be necessary to reassess the asset every three to five years.

With regard to property, plant and equipment measured at cost, at each balance sheet or interim report date, if there is evidence of impairment, the recoverable amount is estimated, being the higher of the asset's fair value less costs to sell and its value in use, i.e. discounting the future cash flows that can be generated by the asset. If the recoverable amount is lower than the carrying amount, the difference is recognised in the income statement.

If the reasons for the impairment cease to apply as a result of subsequent events, reversals are made and charged to the income statement, up to the value of the net asset if no adjustments are made.

Derecognition criteria

A tangible asset is derecognised at the time of its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal.

12 - Intangible assets

Recognition criteria

The intangible asset is recorded at cost, adjusted for any accessory charges, only if there is a likelihood that future economic benefits attributable to the asset will be realised and if the cost of the asset can be reliably determined.

Classification criteria

Intangible assets are represented by application software for long-term use and goodwill represented by the positive difference between the purchase cost and the fair value of the assets and liabilities acquired as part of Business Combinations.

Measurement and recognition criteria for income components

The cost of intangible assets with a finite useful life, after initial recognition, is amortised on a straight-line basis over their useful life, which is subject to measurement at the end of each year to verify the adequacy of the estimate.

At each balance sheet or interim report date, if there is evidence of impairment of an intangible asset, its recoverable amount is estimated by discounting the future cash flows that can be generated by the asset. If the recoverable amount is lower than the carrying amount, the difference is recognised in the income statement.

Intangible assets with an indefinite useful life include goodwill, which is the positive difference between the consideration paid for a business combination and the fair value of the identifiable net assets acquired, as more fully described in paragraph "11 - Other information - Business combinations and Goodwill".

Goodwill is not subject to amortisation, but to periodic verification of the adequacy of the carrying amount.

In particular, every time there is evidence of impairment and in any case at least once a year, an impairment test is performed. To this end, the cash-generating unit to which the goodwill is allocated is identified. The amount of any impairment loss is determined on the basis of the difference between the carrying amount of the goodwill and its recoverable amount, if lower. The recoverable amount is the higher of the fair value of the cash-generating unit, net of any costs to sell, and its value in use. The value in use is the present value of the future cash flows expected from the generating units to which the goodwill has been allocated. The resulting impairment losses are recognised in the income statement. No subsequent reversals of impairment losses may be recognised.

Derecognition criteria
An intangible asset is derecognised at the time of its disposal and if no future economic benefits are expected.

13 - Non-current assets and groups of assets held for sale and liabilities associated to assets held for sale

Recognition criteria
The individual assets and groups of assets held for sale pursuant to IFRS 5 and the related associated liabilities are classified under "Non-current assets and groups of assets held for sale" and "Liabilities associated with assets held for sale" if their carrying amount will be recovered mainly through a sale transaction, rather than through their continuous use.
Classification under these items concerns situations where a process of disposal of individual assets or groups of assets in their current conditions has been initiated and if their sale is considered highly probable as the Management is committed to the sale, whose completion should be expected within one year from the date of classification.

Measurement and recognition criteria for income components
Immediately before the classification of the individual assets or groups of assets and liabilities held for sale under the items "Non-current assets and groups of assets held for sale" and "Liabilities associated with assets held for sale", the carrying amount of assets and liabilities is remeasured by applying the reference accounting standards.
These assets and liabilities are measured at the lower of the carrying amount and the fair value net of costs to sell.
For the purposes of the subsequent measurement of a group of assets and liabilities held for sale, the carrying amount of each asset and liability included in the group that does not fall within the scope of application of IFRS 5 must be measured by applying the reference accounting standard before the group is measured at the lower of the carrying amount and the fair value net of costs to sell.
Property, plant and equipment and intangible assets held for sale are no longer subject to depreciation/amortisation.
The subsequent measurement of non-current assets and groups of assets held for sale is carried out according to the following criteria:

- any excess of the carrying amount with respect to the fair value net of costs to sell is charged to the income statement (impairment loss);
- each subsequent increase in the fair value net of costs to sell is charged to the income statement up to the amount of the accumulated impairment recorded previously.

The separate disclosure in the item "Profit (loss) from discontinued operations after tax" of the income statement is envisaged only for income and charges (net of the related taxes) relating to discontinued operations.

Derecognition criteria
The individual assets and groups of assets held for sale and the related associated liabilities are derecognised following their disposal.

14 - Current and deferred taxation

The effects relating to current and deferred taxes are recognised by applying the tax rates in force, respectively, in the current and subsequent tax periods.
Income taxes are recognised in the income statement with the exception of those relating to items charged or credited directly to equity.
The allocation for income taxes is determined on the basis of a prudential forecast of the current tax charge, the advance tax charge and the deferred tax charge. In particular, deferred tax assets and liabilities are determined on the basis of temporary differences, without time limits, between the value attributed to an asset or liability according to statutory criteria and the corresponding values assumed for tax purposes.
Deferred tax assets are recognised to the extent that their recovery is probable, based on the ability to generate positive taxable income on an ongoing basis.

Deferred tax liabilities are in turn recognised in the financial statements. It should be noted that with regard to untaxed reserves and revaluation surpluses, no provision is made for the related deferred taxes, in accordance with the provisions of IAS 12, paragraph 52b, which makes the allocation of deferred tax liabilities on untaxed reserves subject to the decision to distribute them (with the exception of the "Merger surplus reserve" set up when Credito Fondiario di Bolzano S.p.A. was merged). In this regard, it should be noted that the Group neither assumes nor does it deem it likely that in the short/medium term it will assume behaviours that could integrate the prerequisites for the payment of taxes in relation to distributions of reserves as per the previous paragraph.
Prepaid and deferred taxes are accounted for on an open balance sheet basis and without offsetting, with the former included under "Tax assets" and the latter under "Tax liabilities".
Tax liabilities are also adjusted to meet charges that could result from notified assessments or on-going disputes with the tax authorities.

15 - Provisions for risks and charges

Following the 5th update of Circular no. 262 of 22 December 2005 of the Bank of Italy, in consideration of the provisions of IFRS 9, the sub-item relating to commitments and guarantees issued, which in the previous version was allocated to Other liabilities, was also included in the item "Provisions for risks and charges".

Commitments and guarantees issued

This provision consists of write-downs on endorsement loans. Provisions on these forms of financing are calculated as from 1 January 2018 on the basis of the provisions of IFRS 9, therefore applying the same staging criteria as for cash loans and related PDs and LGDs.

Pension fund and similar obligations

The fund consists of a defined benefit section (Section A/A1) which provides a supplementary benefit to retired staff in addition to the gross benefits paid by INPS; the economic benefits due to members of this fund are assessed on the basis of an independent actuarial valuation in order to determine the technical provisions to be set aside to cover future pension benefits.
On a half-yearly basis, the actuarial study provides an estimate of the interest cost of the liability, the expected return on investments and, if necessary, the value of the allocation to the provision for personnel still in service (service cost), the costs and revenues of which are recognised in the income statement. The difference between the expected return on the portfolio and the actual return is recorded directly in the Shareholders' Equity as a reduction or increase in retained earnings. The actuarial study also provides the values relating to changes in actuarial gains and losses used to determine future pension benefits. These changes are recorded directly in the Shareholders' Equity under retained earnings.
As provided for in IAS 1, the effects of the adjustment recorded under equity reserves are reported in a separate statement of changes in Shareholders' Equity (statement of comprehensive income), or in a format that summarises those income components which, in application of a particular international accounting standard, are recognised directly under equity reserves.

Other provisions

Other provisions for risks and charges are allocations against liabilities:
- arising from existing obligations (legal or implicit) of the company;
- the regulation of which will involve the use of economic resources by the company;
- whose value can be reliably measured;
- the amount or timing of which is uncertain.

"Other provisions" also include other long-term benefits and long-term employee redundancy incentives recognised to employees.

Provisions relating to other long-term employee benefits are the benefits paid during the employment relationship that are not due in full within the twelve months following the end of the year in which the employees worked and are determined with the same actuarial criteria envisaged for pension funds, immediately recognising also actuarial gains and losses in the income statement.
Employment redundancy incentives are recognised when the company is unable to withdraw the offer of benefits; the liability is recognised before that date if the charges are classified as costs for restructuring transactions falling within the scope of application of IAS 37.
For the initial and subsequent recognition of redundancy incentives, provisions are applied relating to:

- "post-employment benefits", if the benefits due on termination of the employment relationship are an improvement in post-employment benefits;
- "short-term benefits", to be recognised on an accrual basis in the period the working activity is carried out, if it is expected that the benefits will be fully recognised within the twelve months following the end of the year in which these benefits are recorded;
- "other long-term benefits", if it is expected that the benefits will not be fully recognised within the twelve months following the end of the year in which these benefits are recorded.

The value of the loss of economic resources must be discounted, if the time element of the financial settlement is significant; interest expense arising from the discounting process is recognised in the income statement.
Allocations to provisions are recognised under "Net allocations to provisions for risks and charges" in the income statement; an exception is made for the economic components relating to employee benefits which, to better reflect their nature, are shown under the item "Administrative expenses - Personnel expenses".

16 - Foreign currency transactions

Recognition criteria

Foreign currency transactions are recorded on initial recognition by applying the exchange rate prevailing on the date of the transaction to the foreign currency amount.

Measurement and recognition criteria for income components

At the end of each year, items in foreign currency are valued as follows:

- monetary items are converted at the exchange rate on the closing date;
- non-monetary items measured at historical cost are converted at the exchange rate in force on the date of the transaction;
- non-monetary items measured at fair value are converted using the exchange rates in force at the closing date.

17 - Insurance assets and liabilities

The Group does not manage insurance assets and liabilities.

18 - Other information

Treasury shares

Any treasury shares held or for which there is a purchase commitment are deducted from shareholders' equity.
No gain or loss is recognised in profit or loss on the purchase/sale/issue or derecognition of equity instruments.
The consideration paid or received is recognised in the shareholders' equity.

Employee severance indemnity

The employee severance indemnity and the length of service bonus are recognised on the basis of their actuarial value determined annually.

Recognition of revenues and costs

Revenues are recognised when received or when it is considered probable that the benefits will be received and said benefits can be reliably quantified.
In particular:

- interest on late payments is recognised in the income statement when it is collected;
- dividends are recognised in the income statement in the year in which their distribution is approved;
- commissions are recognised on an accrual basis, except for those considered in amortised cost for the purpose of determining the "effective interest rate", which are recognised under interest;
- administrative costs and expenses are recognised on an accrual basis.

Interest on TLTRO III transactions
The characteristics of the TLTRO-III transactions are such that they cannot be immediately traced back to cases specifically dealt with by the IAS/IFRS standards; to identify the accounting treatment, in particular, of the following situations:
- change in target achievement estimates;
- recording of economic effects, "special interest" in particular;
- early repayments management;
- in fact, it is deemed possible to refer by analogy to "IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance" or "IFRS 9 - Financial Instruments".

The choice adopted by the Cassa di Risparmio di Bolzano Group for the purposes of accounting for the transactions in question is to refer to the indications of IFRS 9. The financial liability is therefore recognised at amortised cost, with economic accruals recognised at a variable rate, on the basis of which the restatement of future interest payments normally has no significant effect on the carrying amount of the asset or liability. The liability variable rate is a rate that varies in each year of the transaction, resulting in the recognition of the interest on a year-by-year basis, taking into account that in the event of a prepayment, the interest on the fees already accrued would be paid.

Methods for determining the fair value of assets and liabilities
Fair value is defined by IFRS 13 as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular course of business in the principal (or most advantageous) market at the measurement date, under current market conditions (i.e. a closing price), irrespective of whether that price is observable directly or estimated using a valuation technique.

1. Assets and liabilities measured at fair value through profit or loss:
    - financial assets held for trading: to determine the fair value of debt and equity securities listed (contributed) in an active market (level 1), the market prices of the last day of the reference year are used. In the absence of an active market (level 2), estimation and valuation methods based on market data and usually accepted in financial practice are used. These include: calculations of discounted cash flows, values recognised in recent transactions, valuations of listed instruments with similar characteristics and fund NAV. To determine the fair value of derivative contracts, estimation methods and valuation models are used, such as the discounting of expected cash flows, through an internal valuation method carried out by the Risk Management Service;
    - financial assets measured at fair value: assets are measured at fair value, determined on the basis of the same criteria described for financial assets held for trading;
    - other financial assets mandatorily measured at fair value: the assets are measured at fair value, determined on the basis of the same criteria illustrated for financial assets held for trading.
2. Hedging derivatives: contracts are valued using the same criteria used for the valuation of contracts recorded under assets held for trading.
3. Financial liabilities measured at fair value: fair value is measured using valuation methods based on market data and usually accepted in financial practice are used. These include: calculations of discounted cash flows, values recognised in recent transactions, valuations of listed instruments with similar characteristics.
4. Property, plant and equipment held for investment purposes: the fair value measurement is carried out on the basis of appraisals prepared at least once a

year by a qualified third party chosen from among the leading companies in the sector, as detailed in the following Part B, section 9.4 of Assets.

5. Property, plant and equipment held for business use: the fair value measurement is carried out on the basis of appraisals prepared by a qualified third party chosen from among the leading companies in the sector as described in more detail in the following Part B, sections 9.1 and 9.3 of Assets; the valuation is carried out with sufficient regularity to ensure that the carrying amount does not differ significantly from the value that would be determined using the fair value at the reporting date.
6. Assets and liabilities measured at fair value through other comprehensive income: assets are measured at fair value, determined on the basis of the same criteria described for financial assets held for trading. For equity securities where it is not possible to determine the fair value reliably, the cost is maintained (level 3).
7. Assets and liabilities recognised at cost or amortised cost for which fair value is disclosed in the Notes to the financial statements:
    - asset and liability relations with customers and banks on demand, or with short-term or indefinite maturity: the fair value is equal to the carrying amount net of the analytical or collective write-down;
    - medium/long-term asset and liability relations with customers and banks: the fair value is determined by discounting future cash flows;
    - securities issued: for listed/contributed liabilities, the fair value is determined using the market prices of the last day of the reference year. For the remaining liabilities, the same methodology as described for financial liabilities measured at fair value is used.

Business combinations, goodwill and changes in shareholdings

A business combination may involve the purchase of the net assets of another entity, including any goodwill, or the purchase of the equity of another entity (mergers, contributions, and acquisitions of business units). Such a combination does not result in an ownership relationship similar to that between a parent and a subsidiary and, therefore, IFRS 3 applies in such cases even in the separate financial statements of the acquirer.

Business combinations are accounted for using the purchase method, whereby the identifiable assets acquired and liabilities assumed, including contingent assets/liabilities, are recognised at their fair values at the acquisition date.

Any excess of the consideration transferred with respect to the fair value of the identifiable net assets is recognised as goodwill and is allocated, at the acquisition date, to the individual cash-generating units, or to groups of cash-generating units that should benefit from the synergies of the business combination, regardless of whether other assets or liabilities of the acquiree are assigned to these units or groups of units.

If the transfer consideration is lower than the fair value of the identifiable net assets, the difference is recognised immediately in the income statement as revenue under the item "Other operating income", after a new measurement to ensure that all assets acquired and liabilities assumed are correctly identified.

Changes to the consideration transferred are possible if they derive from additional information on facts and circumstances that existed at the acquisition date and are recognisable within the measurement period of the business combination (i.e. within twelve months of the acquisition date). Any other change that derives from events or circumstances subsequent to the acquisition, such as those recognised in the seller's favour linked to the achievement of some income performances, shall be recognised in the income statement.

The identification of the fair value of assets and liabilities must be finalised within a maximum period of twelve months from the acquisition date (measurement period).

A.3 - INFORMATION ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

This section shows the financial assets that have been reclassified. Specifically, the tables represent respectively i) the information relating to the change in the business model resolved by the Parent Bank with effect from 1 January 2019, with which financial assets were reclassified from a "held to collect and sell" to a "held to collect" business model; ii) information relating to the reclassification of financial assets carried out by the Parent Bank in 2008, the year in which, following the crisis that occurred on the international financial markets, the International Accounting Standards Board (IASB) published an amendment to the international accounting standards IAS 39 and IFRS 7 allowing the reclassification of some financial instruments from the trading book to other portfolios. This reclassification is permitted only in "rare" circumstances that correspond, for example, to the situation of the financial markets that emerged during the third quarter of 2008.
In light of the extraordinary market situation, the fact that the quantified impairment losses were mainly related to market tensions and not to the evident and permanent deterioration of the creditworthiness of the counterparties, and the general orientation of the banking system towards the adoption of this amendment, the Parent Bank has adopted it and reclassified portions of its financial instruments from the "financial assets held for trading" portfolio to the "financial assets available for sale" portfolio as of 29 October 2008.

A.3.2 Reclassified financial assets: change in business model, fair value and effects on comprehensive income

Type of financial instrument (1)	Origin portfolio (2)	Target portfolio (3)	Fair value at 31/12/2022 (4)	Capital gains/losses in the absence of transfer to the income statement (pre-tax)		Gains/losses in the absence of the transfer in equity (pre-tax)	
				31/12/2022 (5)	31/12/2021 (6)	31/12/2022 (7)	31/12/2021 (8)
Government bonds	Fair value through Other comprehensive income (HTCS)	Amortised cost (HTC)	121,491	-	-	(2,542)	(7,822)
Other debt securities	Fair value through Other comprehensive income (HTCS)	Amortised cost (HTC)	34,757	-	-	(447)	(229)
Total			156,248	-	-	(2,989)	(8,051)

Quantitative information from the 2008 reclassification is provided below.

Type of financial instrument (1)	Origin portfolio (2)	Target portfolio (3)	Fair value at 31/12/2022 (4)	Capital gains/losses in the absence of transfer to the income statement (pre-tax)		Gains/losses in the absence of the transfer in equity (pre-tax)	
				31/12/2022 (5)	31/12/2021 (6)	31/12/2022 (7)	31/12/2021 (8)
UCITS units	Fair value through profit and loss	Available for sale	340	10	107	-	-

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

With reference to the change in the business model carried out by the Bank with effect from 01.01.2019, at 31 December 2022 the fair value of the reclassified securities was equal to Euro 156,248 thousand. At that date, the average internal rate of return was 0.64% and the expected cash flows from 31.12.2022 to maturity amounted to Euro 1,337 thousand.

By contrast, with reference to the restatement of financial assets carried out in 2008, at 31 December 2022, the fair value of the reclassified securities was equal to Euro 340 thousand before taxes. At that date, the average internal rate of return, in the absence of debt securities with coupon flows, was not determined, and the expected cash flows are zero.

A.4 - INFORMATION ON FAIR VALUE

Qualitative information

A.4.1 Fair value levels 2 and 3: valuation techniques and inputs used

The Group assigns the highest priority to prices recorded on active regulated markets (Fair value level 1).

If directly observable prices on active markets are not available, valuation techniques are used that maximise the use of information available on the market and are affected as little as possible by subjective valuations or internal assumptions. The valuation techniques and inputs used for the various types of financial instruments measured/not measured at fair value on a recurring basis are described below.

For the determination of the fair value of debt securities not listed in an active market or that are not available on info providers in the context of electronic trading circuits and are visible as operating quotations of individual contributors to which one has immediate access, the Group makes use, where available, of prices observed on non-active markets and/or recent transactions carried out on similar instruments in active markets (so-called comparable approach). By way of example, price indications obtainable from info providers such as Bloomberg and Reuters are taken into consideration, or failing that, by using valuations provided by Issuers, contributors or institutional counterparties specialised in dealing in the financial instruments being valued. The fair value thus determined is assigned to level 2 of the Fair Value Hierarchy.

If no information source as described above is available or if it is believed that the available sources do not reflect the true fair value of the financial instrument, a model valuation approach is used, which mainly uses inputs observable on the market to estimate the possible factors that affect the fair value of a financial instrument. The fair value thus determined is also assumed to be level 2 of the Fair Value Hierarchy. If for one or more risk factors it is not possible to refer to market inputs, internally determined parameters are used on a historical-statistical basis which, where significant, entail the assignment of a level 3 of the Fair Value Hierarchy.

To determine the fair value of an equity security not listed in an active market, the Bank uses:

- an approach based on financial and/or income methodology depending on the company analysed and the data available. For the banking companies, an income/balance sheet scenario is reconstructed with a contextual comparison between forecast CET1 values and target CET1 values. This approach allows for the quantification of dividend distribution in order to obtain a Dividend Discount Model*.* For non-bank companies, a financial approach is used with both asset side and equity side valuations. Finally, particular cases or situations with contingent market variables are valued based on stock market multipliers or on a "Gordon-model" basis, assuming a normalised and constant income scenario over the long term;
- the value corresponding to the portion of shareholders' equity held, as shown in the company's latest approved financial statements;
- the prices of direct transactions in the same or similar securities observed over a reasonable period of time from the valuation date;
- the value resulting from independent appraisals if available.

The fair value thus determined is assigned to level 3 of the Fair Value Hierarchy.

In the presence of a fair value that cannot be reliably determined, the cost is maintained as the carrying amount; this case occurs if the results of the valuation differ significantly.

To determine the fair value of UCITS units not listed in an active market, the Group uses the NAV communicated by the Management Company without making any adjustments. An exception to this criterion is the valuation of the Augusto closed-end

real estate fund, now close to maturity, for which the Parent Bank has applied a liquidity discount of 20% on the NAV value of the last available management report.
Investments in UCITS, whose NAV is updated and published periodically (at least every six months) and is representative of the amount at which the position can be partially or fully liquidated at the initiative of the holder, are classified in level 2 of the Fair Value Hierarchy. A similar classification is also used for capitalisation certificates held and valued on the basis of the redemption value communicated by the issuer, coinciding with the amount of the "mathematical reserve" certified year by year.
For the valuation of the bonds issued by the Bank, specific valuation models of the Discounting Cash Flow type are used, which envisage the discounting of expected cash flows through the use of a discount curve.
In application of the provisions of IFRS 13, financial liabilities at fair value are measured considering their own credit risk, through the income statement. This accounting treatment remains valid even after the entry into force of IFRS 9, according to which the changes in fair value attributable to credit risk are generally recognised in a special valuation reserve (other comprehensive income*)*. This is because the same standard identifies an exception to this accounting criterion, where this involves the creation or expansion of an accounting asymmetry in the recognition of the fair value delta of the liability and those of the relative derivative.
This valuation technique (fair value level 2) is consistent with the quantification of the initial fair value of the obligation, which is always recognised in the financial statements at the amount received for the transfer of the liability.
To determine the fair value of over the counter (OTC) derivative contracts, valuation techniques are used that predominantly use significant inputs, based on observable market parameters (Interest rate curves, Volatilities, Credit curves, Spot price, etc.) which are aseptically obtained from the Reuters info-provider.
For short-term "Loans to banks" and "Due to banks" (maturing within 12 months), the carrying amount is conventionally assumed as fair value, while medium/long-term amounts are measured according to the methodology of discounting the cash flows provided for in the contract, through the use of risk-free curves, if necessary, corrected to take into account the credit risk of the counterparty or own. The fair value thus determined is assigned to level 3 of the Fair Value Hierarchy.
For short-term "Loans to customers" (falling due within 12 months), the fair value is conventionally assumed to be the carrying amount. The measurement of medium/long-term loans corresponds to the amount of the contractually expected future cash flows, including interest, discounted on the basis of the risk-free rate curve. The expected nominal future cash flows are adjusted for expected losses using the probability of default (PD) and loss given default (LGD) parameters attributed to the specific risk class and determined in accordance with IFRS 9 - Impairment, i.e. with a forward-looking perspective, therefore modified in substance compared to the previous historical-statistical analysis. The fair value thus determined is assigned to level 3 of the Fair Value Hierarchy.
For short-term "Due to customers" (falling due within 12 months), the fair value is conventionally assumed to be the carrying amount. Medium- and long-term liabilities other than bonds issued as described above are valued on the basis of the discounted cash flow method of the contractually expected cash flows, adjusted if necessary to take into account their credit risk. The fair value thus determined is assigned to level 3 of the Fair Value Hierarchy.

A.4.2 Evaluation processes and sensitivity

On the basis of the above, the financial instruments measured at fair value on a recurring basis and classified in level 3 of the hierarchy provided for in IFRS 13 refer exclusively to some equity investments of an insignificant amount. Sensitivity analyses are carried out on those financial assets and liabilities measured at level 3 fair value for which, based on the measurement model used to determine the fair value, execution is possible.

A.4.3 Fair value hierarchy

The methods for determining the fair value for the various types of financial instruments are the same as those used in previous years and did not give rise to any transfers between the different levels of the fair value hierarchy provided for in IFRS 13.

A.4.4 Other information

There is no other information worthy of mention.

A.4 - INFORMATION ON FAIR VALUE

Quantitative disclosure
A.4.5 Fair value hierarchy

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

	31/12/2022			31/12/2021		
Financial assets/liabilities measured at fair value	L1	L2	L3	L1	L2	L3
1. Financial assets measured at fair value through profit or loss	98,120	63,633	21,100	124,281	168,062	863
a) financial assets held for trading	40,954	2,937	1,850	49,677	679	773
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	57,166	60,695	19,250	74,604	167,383	90
2. Financial assets measured at fair value through other comprehensive income	321,427	686	47,810	349,923	135	25,368
3. Hedging derivatives	-	60,530	-	-	5,588	-
4. Property, plant and equipment	-	-	-	-	-	-
5. Intangible assets	-	-	-	-	-	-
Total	419,548	124,848	68,910	474,204	173,785	26,231
1. Financial liabilities held for trading	-	933	-	-	508	-
2. Financial liabilities designated at fair value	-	-	-	-	14,275	-
3. Hedging derivatives	-	-	-	-	504	-
Total	-	933	-	-	15,287	-

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

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, plant and equipment	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
1. Opening balance	863	773	-	90	25,341	-	-	-
2. Increases	20,779	1,077	-	19,701	25,785	-	-	-
2.1. Purchases	-	-	-	-	10	-	-	-
2.2. Profits attributed to:	1,575	1,077	-	498	4,100	-	-	-
2.2.1. Income Statement	1,575	1,077	-	498	-	-	-	-
- of which capital gains	1,575	1,077	-	498	-	-	-	-
2.2.2. Shareholders' Equity	-	X	X	X	4,100	-	-	-
2.3. Transfers from other levels	-	-	-	-	-	-	-	-
2.4. Other increases	19,203	-	-	19,203	21,675	-	-	-
3. Decreases	(542)	-	-	(542)	(3,343)	-	-	-
3.1. Sales	-	-	-	-	(126)	-	-	-
3.2. Refunds	-	-	-	-	-	-	-	-
3.3. Losses attributed to:	(417)	-	-	(417)	(106)	-	-	-
3.3.1. Income Statement	(417)	-	-	(417)	-	-	-	-
- of which capital losses	(417)	-	-	(417)	-	-	-	-
3.3.2. Equity	-	-	-	-	(100)	-	-	-
3.4. Transfers to other levels	-	-	-	-	(3,111)	-	-	-
3.5. Other decreases	(124)	-	-	(124)	-	-	-	-
4. Closing balance	21,100	1,850	-	19,250	47,782	-	-	-

This table shows the changes that took place in the financial year 2022 on financial assets classified at level 3 of the fair value hierarchy; it also includes some minority interests in unlisted companies.
The annual changes include:

- the revaluation of the investment in Mediocredito Trentino Alto Adige, with impact on shareholders' equity, whose carrying amount was adjusted to the realisable value as per the irrevocable purchase offer dated 25 February 2022 received by the Bank from Cassa Centrale Raiffeisen, for an amount of Euro 4,100 thousand;
- the revaluation of the investment in Satispay S.p.A. represented here in the column of financial assets held for trading, whose carrying amount was adjusted to the price of a recent transaction on a significant share block in November 2022 to a unit value of Euro 102.94; this price resulted in the recognition of a capital gain of Euro 1,077 thousand;
- the further, although contained, write-down of the investment in Funivie Folgarida e Marilleva S.p.A. amounting to Euro 96 thousand, as a result of the analysis carried out on an income assessment that is based on terminal value and net financial position; the terminal value incorporates a sustainable net income based on a normalised profit (pre-pandemic) and sustainable in the long term. The resulting value of the stake held by Cassa di Risparmio di Bolzano is equal to Euro 995 thousand.

It should also be noted that the amount shown in point "3.4 Decreases for transfers to other levels" is attributable to the equity investment in Nexi S.p.A., which at the

beginning of 2022 incorporated the previous equity investment held by the Bank in SIA-SSB; Nexi S.p.A. is listed on the Milan stock exchange and is therefore placed at level 1 of the fair value hierarchy; therefore, the value of Euro 3,111 thousand recognised at the end of the previous year on SIA-SSB (level 3) represents a decrease in level 3 financial assets.
Point "2.4 Other increases" includes the Financial assets measured at fair value on a recurring basis classified in level 3 of the fair value hierarchy, deriving from the acquisition of Banca di Cividale.

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

Assets/Liabilities not measured at fair value or measured at fair value on a non-recurring basis	31/12/2022				31/12/2021			
	CA	L1	L2	L3	CA	L1	L2	L3
1. Financial assets measured at amortised cost	14,733,463	4,414,358	51,108	10,208,365	9,875,020	3,029,420	-	7,280,874
2. Property, plant and equipment held for investment purposes	-	-	-	-	-	-	-	-
3. Non-current assets and groups of assets held for sale	1,016	-	-	1,016	929	-	-	929
Total	14,734,479	4,414,358	51,108	10,209,381	9,875,949	3,029,420	-	7,281,803
1. Financial liabilities measured at amortised cost	15,871,335	27,029	97,711	15,755,188	10,096,301	-	102,213	10,000,223
2. Liabilities associated with assets held for sale	1,474	-	-	-	507	-	-	507
Total	15,872,810	27,029	97,711	15,755,188	10,096,808	-	102,213	10,000,730

A.5 - INFORMATION ON THE "DAY ONE PROFIT/LOSS"

According to IFRS 7, paragraph 28, evidence must be provided of the amount of the "Day One Profit or Loss" to be recognised in the income statement at 31 December 2022, as well as a reconciliation to the opening balance. "Day One Profit or Loss" is the difference between the fair value of a financial instrument acquired or issued at initial recognition (transaction price) and the amount determined at that date using a valuation technique. In this regard, it should be noted that there are no cases that should be disclosed in this section.

Part B - Information on the Consolidated balance sheet

Assets

Section 1 - Cash and cash equivalents - item 10

1.1 Cash and cash equivalents: breakdown

	Total 31/12/2022	Total 31/12/2021
a) Cash	67,197	46,968
b) Current accounts and demand deposits with central banks	1,024,427	-
c) Current accounts and demand deposits with banks	75,972	72,178
Total	1,167,596	119,146

The item "Cash" includes the amounts of cash in euro and in other currencies held by Cassa Centrale, the cash of the branches and the ATMs at the reference dates.
Effective from 31 December 2021, following the seventh update of Bank of Italy Circular no. 262 "The bank financial statements: formats and rules for preparation", the item "Cash and cash equivalents" also includes demand deposits with banks. This update has brought the presentation of the financial statements more in line with FINREP reporting.
The value shown in point "b) Current accounts and demand deposits with Central Banks" refers to the deposit facility account opened at the Bank of Italy, which essentially includes overnight transactions. The amount pertaining to the Parent Bank amounts to Euro 594.4 million, the remainder corresponds to the same type of deposit of the subsidiary CiviBank.

Section 2 - Financial assets measured at fair value through profit or loss - Item 20

2.1 Financial assets held for trading: breakdown by type

Items/Values	Total 31/12/2022			Total 31/12/2021		
	L1	L2	L3	L1	L2	L3
A. On-balance sheet assets						
1. Debt securities	23,962	1	-	31,521	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	23,962	1	-	31,521	-	-
2. Equity securities	23	-	1,850	-	-	773
3. UCITS units	16,129	-	-	17,773	-	-
4. Loans	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
Total (A)	40,113	1	1,850	49,294	-	773
B. Derivative instruments	-	-	-	-	-	-
1. Financial derivatives	842	2,937	-	383	679	-
1.1 trading	842	2,937	-	383	532	-
1.2 related to the fair value option	-	-	-	-	147	-
1.3 other	-	-	-	-	-	-
2. Credit derivatives	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 related to the fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
Total (B)	842	2,937	-	383	679	-
Total (A+B)	40,954	2,937	1,850	49,677	679	773

The total of "Financial assets held for trading", net of the contribution of the corresponding financial assets in the portfolio to CiviBank, recorded a slight decrease compared to the values of the previous year, equal to Euro -4,505 thousand.
The investments of the Retired Staff Pension Fund A-A1 of the Parent Bank included under the same on-balance sheet assets amounted to Euro 36.7 million (of which Euro 16.1 million in units of UCITS).
The values shown in line B.1.2 "Financial derivatives - related to the fair value option" represent the positive fair value of interest rate risk hedging instruments on bonds issued. As from 31 December 2022, this item is no longer valued, as the bonds issued by the Bank and managed under the fair value option have expired.
The amount shown in line B1.1 "Financial derivatives - held for trading" represents the positive fair value of the part no longer effective of previous derivatives designated as hedges on a cap option on variable rate mortgages with a maximum ceiling. Following the increase in interest rates, recorded above all in the second half of the year, these derivatives recorded a significant increase in value.

2.2 Financial assets held for trading: breakdown by debtor/issuer/counterparty

Items/Values	Total 31/12/2022	Total 31/12/2021
A. On-balance sheet assets		
1. Debt securities	23,963	31,521
a) Central Banks	-	-
b) Public administrations	20,671	29,805
c) Banks	1,354	216
d) Other financial companies	103	424
of which: insurance companies	98	110
e) Non-financial companies	1,834	1,076
2. Equity securities	1,873	773
a) Banks	-	-
b) Other financial companies	23	-
of which: insurance companies	-	-
c) Non-financial companies	1,850	773
d) Other issuers	-	-
3. UCITS units	16,129	17,773
4. Loans	-	-
a) Central Banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total (A)	41,964	50,067
B. Derivative instruments		
a) Central Counterparties	-	-
b) Other	3,778	1,062
Total (B)	3,778	1,062
Total (A+B)	45,742	51,129

The categories of funds included in the item "UCITS units" are as follows and for the following values:

- Flexible	10,450
- Balanced	5,679
Total	16,129

2.5 Other financial assets mandatorily measured at fair value: breakdown by type

Items/Values	Total 31/12/2022			Total 31/12/2021		
	L1	L2	L3	L1	L2	L3
1. Debt securities	3,683	2,307	-	23,596	95,319	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	3,683	2,307	-	23,596	95,319	-
2. Equity securities	-	-	90	-	23,695	90
3. UCITS units	53,483	58,389	17,341	51,008	48,369	-
4. Loans	-	-	1,818	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	1,818	-	-	-
Total	57,166	60,695	19,250	74,604	167,383	90

The categories of funds included in the item "UCITS units" are as follows and for the following values:

- Bonds	66,562
- Flexible	2,200
- Equity	7,779
- Closed real estate	50,988
- Non-performing	1,684
Total	129,213

2.6 Other financial assets mandatorily measured at fair value: breakdown by debtor/issuer

	Total 31/12/2022	Total 31/12/2021
1. Equity securities	90	23,785
of which: banks	-	23,695
of which: other financial companies	90	90
of which: non-financial companies	-	-
2. Debt securities	5,990	118,915
a) Central Banks	-	-
b) Public administrations	-	-
c) Banks	1,584	19,744
d) Other financial companies	4,406	99,171
of which: insurance companies	1,349	96,332
e) Non-financial companies	-	-
3. UCITS units	129,213	99,377
4. Loans	1,818	-
a) Central Banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	1,818	-
of which: insurance companies	1,800	-
e) Non-financial companies	-	-
f) Households	-	-
Total	137,111	242,077

Section 3 - Financial assets measured at fair value through other comprehensive income - Item 30

3.1 Financial assets measured at fair value through other comprehensive income: breakdown by type

Items/Values	Total 31/12/2022			Total 31/12/2021		
	L1	L2	L3	L1	L2	L3
1. Debt securities	309,330	-	-	340,246	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt securities	309,330	-	-	340,246	-	-
2. Equity securities	12,098	686	47,810	9,677	135	25,368
3. Loans	-	-	-	-	-	-
Total	321,427	686	47,810	349,923	135	25,368

With reference to the grouping referred to in point 2. "Equity securities" of the previous table, details of the individual equity investments classified herein are provided; *other equity securities classified under* "Equity OCI option" for a total of Euro 4,193 thousand must be added to the minority interests of the Group in its previous configuration, i.e. without the contribution of CiviBank.

Figures in euro

	Nominal amount	Percentage of capital	Carrying amount
Equity securities - Banks			**20.642.745**
Banca d'Italia - Roma	9.425.000	0,126	9.425.000
Mediocredito Trentino-Alto Adige S.p.A. - Trento	4.563.000	7,802	11.077.472
Banca Popolare di Puglia e Basilicata S.p.A. - Altamura (BA)	335.096	0,219	140.273
Equity securities - Other issuers: insurance companies			**8.432.704**
NET INSURANCE S.P.A. - Roma	639.300	3,629	5.932.704
ITAS MUTUA Assicurazioni (TN)	2.500.000	1,182	2.500.000
Equity securities - Other issuers: non-financial companies			**4.896.787**
NEXI S.p.A. - Milano (ex SIA - SSB S.p.A.)	222.359	0,390	1.637.896
Bancomat SpA	4.370	0,021	-
CBI S.p.c.A.	6.016	0,654	-
VALIA SPA	30.000	5,000	30.000
SWIFT - Bruxelles	875	0,006	13.917
BZS Holding Gmbh - Innsbruck (A)	6.000	4,000	6.000
Funivie Madonna di Campiglio S.p.A. - Pinzolo (TN)	156.821	2,845	2.186.174
Funivie Folgarida e Marilleva S.p.A. az. Ord. - Dimaro (TN)	396.714	1,154	497.420
Funivie Folgarida e Marilleva S.p.A. az. Priv. - Dimaro (TN)	396.843	1,155	497.582
Teleriscaldamento Termo elettrico Dobbiaco/San Candido Scarl	20.141	0,410	25.513
Azienda Energetica Prato Scarl - Prato allo Stelvio	630	0,198	630
Cooperativa Acqua Potabile San Michele - Appiano	20	0,094	5
WuEgA - Wärme und Energie Genossenshaft Ahrntal	1.650		1.650
Total			**33.972.236**

With regard to the subsidiary CiviBank, the relative details are provided below:

Figures in euro

	Nominal amount	Percentage of capital	Carrying amount
Equity securities - Banks			**4.385.350**
Dezelna Banka Slovenjie	952.627	5,362	2.764.785
Mediocredito FVG	2.565.320	0,228	-
Banca Valsabbina	316.071	0,099	665.856
Bank For Business	519.556	4,620	954.709
Equity securities - Other issuers: insurance companies			**5.000.000**
ITAS MUTUA Assicurazioni (TN)	5.000.000	2,660	5.000.000
Equity securities - Other issuers: non-financial companies			**13.025.246**
Friulia SpA	1.740.585	0,661	5.431.645
S.A.A.V. SPA	1.541.988	0,976	5.437.785
Unione Fiduciaria Spa	5.940	0,100	7.034
Catas S.P.A.	90.310	9,180	937.462
KB 1909 SPA	127.007	0,513	3.516
KB 1909 SPA PRIV B	125.645	2,317	3.478
Centro Formazione Professionale Scarl	20.910	9,097	598.472
Torre Natisone Gal	1.250	9,360	863
Consulting Spa	1.975	1,317	3.150
Agenzia Sviluppo Distretto Industriale Della Sedia Spa (Asdi)	10.034	8,027	2.500
S.W.I.F.T.	1.000	0,009	5.861
Luigi Luzzatti Spa	58.158	8,947	232.630
NEXI SPA	239	0,002	176.218
BANCOMAT SPA ADR	25.925	0,103	25.879
CBI AOR	-	0,337	3.100
FRIULIA AZ CORR ALFA	139.372	-	135.653
FOND AGRIFOOD & BIOE	20.000	8,000	20.000
Total			**22.410.596**

3.2 Financial assets measured at fair value through other comprehensive income: breakdown by debtor/issuer

Items/Values	Total 31/12/2022	Total 31/12/2021
1. Debt securities	309,330	340,246
a) Central Banks	-	-
b) Public administrations	264,397	340,246
c) Banks	35,461	-
d) Other financial companies	5,162	-
of which: insurance companies	-	-
e) Non-financial companies	4,310	-
2. Equity securities	60,593	35,180
a) Banks	25,046	16,690
d) Other issuers:	35,547	18,490
- other financial companies	15,912	7,398
of which: insurance companies	13,745	7,306
- non-financial companies	19,616	11,092
- other	20	-
3. Loans	-	-
a) Central Banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
Total	369,923	375,426

3.3 Financial assets measured at fair value through other comprehensive income: gross amount and total value adjustments

		Gross amount					Total value adjustments				Total partial write-offs
		First stage	of which: Instruments with low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	
Debt securities		309,315	308,994	321	-	-	(165)	(141)	-	-	-
Loans		-	-	-	-	-	-	-	-	-	-
Total	31/12/2022	309,315	308,994	321	-	-	(165)	(141)	-	-	-
Total	31/12/2021	340,318	340,318	-	-	-	(72)	-	-	-	-

The table shows the total value adjustments on financial assets measured at fair value through other comprehensive income. The gross amount corresponds to the carrying amount of the financial assets, gross of total value adjustments and net of total write-offs.

3.3a Loans measured at fair value through other comprehensive income subject to COVID-19 support measures: gross amount and total value adjustments

This table is not completed as no loans measured at fair value through other comprehensive income were disbursed by the Bank; therefore, there are no loans subject to COVID-19 support measures.

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

4.1 Financial assets measured at amortised cost: breakdown by type of loans to banks

Type of transactions/Values	Total 31/12/2022						Total 31/12/2021					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3
A. Loans to Central Banks	96,403	-	-	-	-	22,219	418,214	-	-	-	-	-
1. Term deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Compulsory reserve	96,403	-	-	X	X	X	418,214	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
B. Loans to banks	147,523	-	-	131,583	-	10,338	121,093	-	-	118,369	-	-
1. Loans	10,380	-	-	-	-	10,338	4,677	-	-	-	-	-
1.1 Current accounts	194	-	-	X	X	X	-	-	-	X	X	X
1.2. Term deposits	8,847	-	-	X	X	X	4,345	-	-	X	X	X
1.3. Other loans:	1,339	-	-	X	X	X	332	-	-	X	X	X
- Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
- Lease financing	-	-	-	X	X	X	-	-	-	X	X	X
- Other	1,339	-	-	X	X	X	332	-	-	X	X	X
2. Debt securities	137,143	-	-	131,583	-	-	116,416	-	-	118,369	-	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt securities	137,143	-	-	131,583	-	-	116,416	-	-	118,369	-	-
Total	243,926	-	-	131,583	-	32,557	539,307	-	-	118,369	-	422,891

4.2 Financial assets measured at amortised cost: breakdown by type of loans to customers

Type of transactions/Values	Total 31/12/2022						Total 31/12/2021					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3	First and second stage	Third stage	Purchased or originated impaired	L1	L2	L3
1. Loans	9,794,695	144,147	52,376	-	-	10,167,153	6,364,734	82,515	1,605	-	-	6,834,341
1. Current accounts	699,121	16,939	6,513	X	X	X	552,708	7,035	30	X	X	X
2. Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
3. Mortgages	7,155,058	103,599	41,543	X	X	X	4,944,596	68,874	1,534	X	X	X
4. Credit cards, personal loans and salary-backed loans	108,477	592	521	X	X	X	49,080	259	29	X	X	X
5. Lease financing	279,843	623	2,717	X	X	X	2,379	-	-	X	X	X
6. Factoring	-	-	-	X	X	X	-	-	-	X	X	X
7. Other loans	1,552,197	22,394	1,083	X	X	X	815,971	6,347	12	X	X	X
2. Debt securities	4,498,319	-	-	4,282,775	51,108	8,654	2,886,859	-	-	2,911,051	-	23,652
1. Structured securities	2,825	-	-	3,019	-	-	-	-	-	-	-	-
2. Other debt securities	4,495,494	-	-	4,279,757	51,108	8,654	2,886,859	-	-	2,911,051	-	23,652
Total	14,293,014	144,147	52,376	4,282,775	51,108	10,175,807	9,251,593	82,515	1,605	2,911,051	-	6,857,993

4.3 Financial assets measured at amortised cost: breakdown by debtor/issuer of loans to customers

Type of transactions/Values	Total 31/12/2022			Total 31/12/2021		
	First and second stage	Third stage	Purchased or originated impaired assets	First and second stage	Third stage	Purchased or originated impaired assets
1. Debt securities	4,498,319	-	-	2,886,859	-	-
a) Public administrations	4,325,656	-	-	2,833,112	-	-
b) Other financial companies	156,956	-	-	47,077	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	15,707	-	-	6,670	-	-
2. Loans to:	9,794,695	144,147	52,376	6,364,734	82,515	1,605
a) Public administrations	49,307	-	-	53,785	-	-
b) Other financial companies	371,685	1,477	274	154,138	656	-
of which: insurance companies	101	-	-	-	-	-
c) Non-financial companies	5,286,280	112,217	34,860	3,641,082	57,663	1,180
d) Households	4,087,423	30,453	17,242	2,515,729	24,196	425
Total	14,293,014	144,147	52,376	9,251,593	82,515	1,605

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

		Gross amount					Total value adjustments				
		First stage	of which: Instruments with low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchase d or originated impaired	Total partial write-offs
Debt securities		4,605,730	3,417,717	32,258	-	-	(2,052)	(474)	-	-	-
Loans		8,499,972	-	1,449,069	315,868	54,424	(13,850)	(33,712)	(171,721)	(2,048)	(54,372)
Total	31/12/2022	13,105,702	3,417,717	1,481,326	315,868	54,424	(15,902)	(34,186)	(171,721)	(2,048)	(54,372)
Total	31/12/2021	9,009,519	2,978,953	809,154	252,001	5,311	(6,934)	(20,839)	(169,486)	(3,706)	(63,312)

The table shows the total value adjustments on financial assets measured at amortised cost. The gross amount corresponds to the carrying amount of the financial assets, gross of total value adjustments and net of total write-offs.

4.4a Loans measured at amortised cost, subject to COVID-19 support measures: gross amount and total value adjustments

	Gross amount					Total value adjustments				
	First stage	of which: Instruments with low credit risk	Second stage	Third stage	Purchased or originated impaired	First stage	Second stage	Third stage	Purchased or originated impaired	Total partial write-offs*
1. Loans subject to forbearances compliant with GL	1,865	-	1,181	3,343	-	(1)	(56)	(559)	-	-
2. Loans subject to moratorium measures in place no longer compliant with GL and not assessed as subject to forbearances	-	-	-	-	-	-	-	-	-	-
3. Loans subject to other forbearance measures	-	-	87,400	6,797	-	-	(2,889)	(2,849)	-	-
4. New loans	633,411	-	165,153	14,594	659	(432)	(1,580)	(2,799)	-	-
Total 31/12/2022	635,276	-	253,734	24,734	659	(433)	(4,525)	(6,206)	-	-
Total 31/12/2021	592,080	-	237,466	55,631	-	(374)	(5,161)	(27,915)	-	-

The table, included in these financial statements as a supplement to the provisions of Circular no. 262 "The bank financial statements", as per the communication of 15.12.2020 by the Bank of Italy, aims to provide information on the effects that COVID-19 and the measures to support the economy have produced on the economic and financial position of banks.
In line "1. Loans subject to forbearances compliant with GL", the information relating to financial assets subject to moratorium that fall within the scope of the "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis" published by the EBA (EBA/GL/2020/02) is shown. Point 2. provides information on loans subject to COVID-19 support measures that meet the exposure conditions subject to forbearance as defined by current supervisory reports and which are not included in the previous category.
Line "3. New loans" includes, among other things, financial assets recognised as a result of forbearance measures that led to a refinancing with derecognition of the original asset and the recognition of a new loan.

Section 5 - Hedging derivatives - item 50

5.1 Hedging derivatives: breakdown by type of hedge and by level

	Fair value 31/12/2022			NV 31/12/2022	Fair value 31/12/2021			NV 31/12/2021
	L1	L2	L3		L1	L2	L3	
A. Financial derivatives								
1) Fair value	-	60,530	-	440,453	-	5,588	-	152,473
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	-	60,530	-	440,453	-	5,588	-	152,473

For a description of these transactions, see table 5.2 below.

5.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

Transactions/Type of hedge	Fair value							Cash flows		Foreign investments
	Micro						Macro	Micro	Macro	
	debt securities and interest rates	equity securities and equity indices	currencies and gold	credit	goods	other				
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	-	X	-	-	X	X	X	-	X	X
3. Portfolio	X	X	X	X	X	X	60,530	X	-	X
4. Other transactions	-	-	-	-	-	-	X	-	X	-
Total Assets	-	-	-	-	-	-	60,530	-	-	-
1. Financial liabilities	-	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
Total Liabilities	-	-	-	-	-	-	-	-	-	
1. Expected transactions	X	X	X	X	X	X	X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

The carrying amount of derivatives shown in this table refers to the positive fair value of derivatives hedging a portfolio of fixed-rate mortgages for which the Bank has hedged the interest rate risk through Interest Rate Swaps, transforming it into a floating rate.
It should be noted that the fair values of derivatives designated to hedge loans with caps (interest rate caps) amounted to approximately Euro 481 thousand at 31 December 2022. These hedges are configured as Fair Value Hedging transactions as required by IAS 39. In this regard, the required prospective and retrospective tests were carried out; on the basis of the partial ineffectiveness of the same resulting from valuations at 31 December 2022 of the hedges relating to loans with caps, a partial unwinding operation was necessary on some contracts, with the realignment of the notional amount to the residual debt covered; as a result of this operation, the test was passed. The value relating to the ineffective portion of the derivative is therefore stated

under financial assets held for trading (Item 20.a) of Assets) rather than under hedging derivatives with fair value deltas through profit or loss.

Section 6 - Value adjustment of macro-hedged financial assets - item 60

6.1 Value adjustment of hedged assets: breakdown by hedged portfolios

Value adjustment of hedged assets/Values	Total 31/12/2022	Total 31/12/2021
1. Positive adjustment	-	-
1.1 of specific portfolios:	-	-
a) financial assets measured at amortised cost	-	-
b) financial assets measured at fair value through other comprehensive income	-	-
1.2 comprehensive	-	-
2. Negative adjustment	(59,355)	(5,403)
2.1 of specific portfolios:	(59,355)	(5,403)
a) financial assets measured at amortised cost	(59,355)	(5,403)
b) financial assets measured at fair value through other comprehensive income	-	-
2.2 comprehensive	-	-
Total	(59,355)	(5,403)

The value adjustment of financial assets subject to macro fair value hedging relates to four separate portfolios of fixed-rate mortgages for which the interest rate risk has been hedged. This item also includes a portfolio of floating-rate loans with a maximum ceiling (Cap) that was subject to macro fair value hedging with derivative contracts (interest rate option). Since the hedge is macro, the profit/loss on the hedged item attributable to the hedged risk does not directly change the value of the hedged item (as in the case of micro hedging), but must be stated in this separate asset item. The amount of receivables subject to macro hedging is shown in table 6.2 below.
Valuation income and expenses relating to hedging derivatives and the hedged portfolio are recognised in item 90 of the income statement "Net profit (loss) from hedging".
The fair value of the aforementioned hedging derivatives is shown, based on the sign, in tables 5.2 of Assets or 4.2 of Liabilities, both referred to as "Hedging derivatives: breakdown by hedged portfolio and type of hedge", in the column "Macro Hedging".

6.2 Assets subject to macro hedging of interest rate risk

	31.12.2022	31.12.2021
1. Financial assets measured at amortised cost	490,356	306,225
2. Financial assets measured at fair value through other comprehensive income		
3. Portfolio		
Total	490,356	306,225

The table shows the value at amortised cost of both the fixed-rate mortgages on which the Bank has hedged its rate risk and the floating-rate mortgages for which, upon payment of an increase on the spread, the customer is guaranteed that the rate of the loan will never exceed the contractually established rate (Cap) included in the item "Financial assets measured at amortised cost - Loans to customers".

The sum of this value and that shown in table 5.2 shows the carrying amount of these receivables, adjusted for the profit or loss attributable to the hedged risk.

Section 7 - Equity investments - item 70

7.1 Equity investments: information on equity investments

Company names	Registered office	Operational office	Type of relationship	Shareholding relationship		Availability of votes %
				Investing company	Stake %	
A. Companies controlled jointly						
B. Companies subject to significant influence						
1. Autosystem S.p.A.	Trento	Pordenone	8	CR Bolzano S.p.A.	25.00%	25.00%
2. Acirent S.r.l.	Udine	Udine	8	Civibank S.p.A.	30.00%	30.00%
3. Helpline S.p.A.	Cividale del Friuli (UD)	Cividale del Friuli (UD)	8	Civibank S.p.A.	30.00%	30.00%
4. Civiesco S.r.l.	Udine	Udine	8	Civibank S.p.A.	20.00%	20.00%

Key:
7 - joint control
8 = associate

7.2 Significant equity investments: carrying amount, fair value and dividends received

Company names	Carrying amount	Fair value	Dividends received
A. Companies controlled jointly			
B. Companies subject to significant influence			
1. Autosystem società di servizi S.p.A.	7,217		
2. Acirent S.r.l.	548		
3. Helpline S.p.A.	1,722		
4. Civiesco S.r.l.	18		
Total	9,505	-	-

7.3 Significant equity investments: accounting information

Company names	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non-financial liabilities	Total revenues	Net interest income	Net value adjustments/write-backs to property, plant and equipment and intangible assets	Profit (loss) from current operations before tax	Profit (loss) from current operations after tax	Profit (loss) from discontinued operations after tax	Profit (loss) for the year (1)	Other income components net of taxes (2)	Comprehensive income (3) = (1) +(2)
A. Companies controlled jointly														
B. Companies subject to significant influence														
1. Autosystem società di servizi S.p.A.	X	11,363	798	22,947	12,662	39,657	X	X	4,515	3,332		3,332		3,332
2. Acirent S.r.l.	X	731	4,323	3,001	2,053	2,788	X	X	228	228		217		217
3. Helpline S.p.A.	X	1,183	13,407	905	13,685	32,207	X	X	521	361		361		361
4. Civiesco S.r.l.	X	14,463	813	16,112	(836)	11,527	X	X	(569)	(1,347)		(1,347)		(1,347)

The data in this table refers to the last available economic and equity position of the investee company, i.e. at 31 December 2022 for Autosystem società di servizi S.p.A. and at 31 December 2021 for the remaining ones.

7.5 Equity investments: annual changes

	Total 31/12/2022	Total 31/12/2021
A. Opening balance	6,384	-
B. Increases	3,121	6,384
B.1 Purchases	2,288	6,000
- of which business combinations	2,288	-
B.2 Write-backs	-	-
B.3 Revaluations	-	-
B.4 Other changes	833	384
C. Decreases	-	-
C.1 Sales	-	-
- of which business combinations	-	-
C.2 Value adjustments	-	-
C.3 Write-downs	-	-
C.4 Other changes	-	-
D. Closing balance	9,505	6,384
E. Total revaluations	-	-
F. Total adjustments	-	-

With effect from 30 June 2022 and with the inclusion into the Cassa di Risparmio di Bolzano Group of the subsidiary CiviBank, the equity investments subject to significant influence in the separate financial statements of CiviBank were added to the Group's equity investments; they are show in this table at point B.1 "Purchases - of which business combinations", for a total amount of Euro 2,288 thousand. For details of the new investee companies, please refer to the previous tables. It should be noted that these latter equity investments are not consolidated according to the equity method, as the values are not considered material.
The amount shown in point B.4 of this table is attributable to the portion of the net profit realised by the company Autosystem società di servizi S.p.A. at 31 December 2022 which is included in the carrying amount as this, on the other hand, has been consolidated according to the equity method.

7.7 Commitments relating to equity investments in subsidiaries subject to joint control

At the reporting date, there are no commitments of the Group relating to equity investments in subsidiaries.

7.8 Commitments referring to equity investments in companies subject to significant influence

At the reporting date, there are no commitments of the Group relating to equity investments in companies subject to significant influence.

Section 9 - Property, plant and equipment - Item 90

9.1 Property, plant and equipment for business use: breakdown of assets measured at cost

Assets/Values	Total 31/12/2022	Total 31/12/2021
1. Owned assets	72,060	31,024
a) land	5,007	287
b) buildings	41,129	6,528
c) furniture	19,244	17,807
d) electronic systems	6,680	6,402
e) other	-	-
2. Rights of use acquired through leases	32,643	21,661
a) land	-	-
b) buildings	30,214	20,922
c) furniture	-	-
d) electronic systems	-	-
e) other	2,430	739
Total	104,703	52,685
of which: obtained through the enforcement of guarantees received	-	-

This table includes the information relating to the Rights of use acquired through leases, in accordance with the provisions of IFRS 16, which entered into force as from 01.01.2019, according to which property, plant and equipment include rights of use relating to buildings and/or other assets for which there is a lease agreement.
It should also be noted that, starting from 2014, the Group revalued the properties used for business use previously measured at cost.
Assets recorded under property, plant and equipment held for business use are depreciated over the useful life of the asset determined as follows:

Property for business use measured at	33 years and 4 months
Buildings - costs for leasehold	duration of the lease
Furniture - office equipment and	3 years
Furniture - hardware:	5 years
Furniture - ATMs	8 years
Furniture - cars/means of transport:	3 years
Furniture - furnishings:	6 years and 8 months
Furniture - office furniture:	8 years and 4 months
Plants - cabling:	4 years
Plants - telephone:	5 years
Plants - equipment:	6 years and 8 months
Plants - active safety:	3 years and 4 months
Plants - other:	13 years and 4 months

9.3 Property, plant and equipment for business use: breakdown of revalued assets

Assets/Values	Total 31/12/2022			Total 31/12/2021		
	L1	L2	L3	L1	L2	L3
1. Owned assets	-	-	137,525	-	-	140,127
a) land	-	-	38,834	-	-	38,696
b) buildings	-	-	98,691	-	-	101,431
c) furniture	-	-	-	-	-	-
d) electronic systems	-	-	-	-	-	-
e) other	-	-	-	-	-	-
2. Rights of use acquired through leases	-	-	-	-	-	-
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
c) furniture	-	-	-	-	-	-
d) electronic systems	-	-	-	-	-	-
e) other	-	-	-	-	-	-
Total	-	-	137,525	-	-	140,127
of which: obtained through the enforcement of guarantees received	-	-	-	-	-	-

As indicated at the bottom of the previous table, as from the recognition at 31 December 2014, the properties used by the Group, previously measured at cost (Cost Model), are measured using the Revaluation Model system provided for by IAS 16.
The application of this method involves the recognition of the properties at a value equal to their fair value, netted in subsequent years of the effects of the depreciation of said value. IAS 16 requires that the frequency of revaluations depends on fluctuations in the fair value of the revalued property, plant and equipment. When the fair value of the revalued asset differs materially from its carrying amount, a further revaluation is required. Frequent revaluations are not required for property, plant and equipment that have only insignificant fluctuations in their fair value. It may then only be necessary to reassess the asset every three to five years.
At the time of the valuation of the assets at 31 December 2019, the fair value of the properties for business use owned by the Group was restated by an external independent appraiser, as a period of 5 years had passed since the previous valuation. In the absence of further significant deviations in the fair value of the property, plant and equipment classified here, no restatement of the same was carried out at 31 December 2022.

9.4 Property, plant and equipment held for investment purposes: breakdown of assets measured at fair value

Assets/Values	Total 31/12/2022			Total 31/12/2021		
	L1	L2	L3	L1	L2	L3
1. Owned assets	-	-	138,549	-	-	124,982
a) land	-	-	2,824	-	-	-
b) buildings	-	-	135,725	-	-	124,982
2. Rights of use acquired through leases	-	-	-	-	-	-
a) land	-	-	-	-	-	-
b) buildings	-	-	-	-	-	-
Total	-	-	138,549	-	-	124,982
of which: obtained through the enforcement of guarantees received	-	-	-	-	-	-

The deviation of the fair value amounts shown in the table is reconstructed in table 9.7 below.

ASSESSMENT PROCESS OF THE REAL ESTATE ASSETS OWNED BY THE GROUP
The fair value of investment property is calculated by independent external appraisers (ref. company Punto RE), with recognised professional expertise and who have built recent experience in the type of property, by location and category, subject to valuation.

Owned assets assessment process
The Independent Appraiser, as part of the process for the appraisal of owned assets, has mainly used the valuation criterion based on the Comparative Approach (Market Approach), the Income Approach and the Transformation Approach.
The main elements identifying the valuation methods used are described below:
Comparative Approach (or Market Approach): is based on the comparison between the property and other comparable assets with it, recently bought/sold or currently offered on the same market or on competing markets;
Income Approach (Direct Capitalisation): is based on the determination of the market value of the unit by converting into a hypothetical value the annual income, deriving from existing leases or by default from estimated market rents (ERV) by means of a time correction factor better known as the capitalisation rate or Cap Rate representing the average ordinary yield required by operators in the real estate market of reference.
Financial Approach (DCFA - Discount Cash Flow Analysis): is based on the determination of the market value of the unit by converting the net cash flows expected over a well-defined time horizon into a hypothesis of present value through a Discount Rate that represents, in percentage terms, the risk linked to the fact that the aforementioned cash flows are generated by the asset in question.
Transformation Approach: is based on the discounting, at the valuation date, of the cash flows generated by the real estate transaction over the period of time corresponding to its duration. This method can be associated with a financial valuation model (discounting of cash flows) based on a development project defined in terms of building quantities, intended use, transformation costs and sustainable revenues. In other words, a cost/revenue analysis is used to identify the Market Value of the property under investigation;
Cost Approach: is based on the cost that would be incurred to replace the property in question with a new asset with the same characteristics and usefulness as the property itself. This cost must be decreased in consideration of the various depreciation factors

deriving from the conditions observed: utility, state of use, functional obsolescence, useful life, residual life, etc. compared to new assets of the same type.
Properties in the process of being developed have been valued on the basis of the actual progress of the building works (construction sites at an advanced stage of completion) by means of a specific analysis of the value potential expressed by them at the end of the works in progress (ref. "Transformation Method").
It should be noted that with regard to properties undergoing transformation for which a preliminary contract has been entered into, the Company evaluates the property using the sale price agreed between the parties less the transaction costs and, if the property is in a state of transformation and the sale takes place when the interventions are completed, also reducing the final costs.

Valuation technique and main unobservable inputs

The valuation technique used to measure the fair value of investment property and the main non-observable input data used in the valuation models is illustrated below.

Transformation Approach

With regard to properties subject to transformation/enhancement, the market value of the property complex was obtained using the Transformation Method and therefore considering the projection of both the revenues from the sale of the property units and all the cost items involved in the transformation of the asset.
With reference to the category of the costs, by way of example and not limited to, construction costs, urban planning expenses, design / technical expenses, property taxation, insurance, sales fees, etc. are included.
The projections were made in current currency and in particular, the revenues and costs reported relating to real estate development were considered.
All cash flows generated are discounted at the current time with an appropriate discount rate.
The construction of the discount rate was obtained analytically or through the Build-up Approach, which allows the breakdown of the rate according to the individual components of the real estate risk or through WACC (Weighted Average Cost of Capital) considering the component deriving from Own Funds (40%) and by Third Parties (60%).
The interest rate component relating to Own Equity was obtained by considering percentage shares relating to Government Bonds (10-year Btp), Inflation, Illiquidity Risk, Initiative Risk and Urban Planning Risk.
The interest rate component relating to Third Party Equity was obtained by considering percentage shares relating to 6-month Euribor, Inflation, Spread.
The level of the discount rate is inferred from the current average conditions of the economic and financial context of the capital market (rates applied for real estate transactions), considering the real yield of low-risk, medium-long term financial assets, to which an upward or downward adjustment component was applied to take into account the characteristics of the asset.
The adjustment components used concern the risks linked to illiquidity, the characteristics of the initiative (size, type, intended use) and the urban planning situation. The adjustment components used, due to the way the discount rate is structured (with the promoter's profit being separated out as a cost item) can generally range from 0% to 5%; the value chosen depends on the risks inherent in the specific real estate transaction, where 0% represents the zero risk, while 5% represents the maximum risk. The choice of the value linked to the individual risk also depends on the current situation of the local real estate market and the presence (and therefore also on the consequent performance) of comparable real estate initiatives.

9.6 Property, plant and equipment for business use: annual changes

	Land	Buildings	Furniture	Electronic systems	Other	Total
A. Opening gross balance	38,982	172,028	67,417	33,616	1,712	192,812
A.1 Total net impairment losses	-	(43,381)	(49,610)	(27,214)	(738)	(120,944)
A.2 Net opening balance	38,982	128,647	17,807	6,402	973	192,812
B. Increases:	4,858	52,117	4,975	1,767	2,676	66,394
B.1 Purchases	4,720	43,177	4,500	1,728	1,358	55,484
- of which business combinations	4,720	41,762	2,218	440	1,312	50,451
B.2 Capitalised improvement expenses	-	5,069	-	-	-	5,069
B.3 Write-backs	-	-	-	-	-	-
B.4 Positive changes in fair value charged to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Transfers from properties held for investment purposes	138	-	X	X	X	138
B.7 Other changes	-	3,870	475	39	1,318	5,702
C. Decreases:	-	(10,923)	(3,538)	(1,490)	(1,027)	(16,977)
C.1 Sales	-	(180)	(86)	(39)	(185)	(490)
- of which business combinations	-	-	-	-	-	-
C.2 Depreciation	-	(10,557)	(3,451)	(1,309)	(842)	(16,159)
C.3 Impairment losses recognised to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Negative changes in fair value charged to	-	-	-	-	-	-
a) shareholders' equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) property, plant and equipment held for investment purposes	-	(182)	X	X	X	(182)
b) non-current assets and groups of assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	(4)	-	(142)	-	(146)
D. Net closing balance	43,841	169,842	19,244	6,679	2,623	242,229
D.1 Total net impairment losses	-	(79,690)	(53,579)	(40,567)	(1,994)	(185,830)
D.2 Gross closing balance	43,841	249,532	82,823	47,246	4,617	428,059
E. Measurement at cost	-	-	-	-	-	-

With respect to the closing inventories for the year 2021, in this table the property, plant and equipment acquired through lease have been reclassified from the item "Other" to the relevant item "Buildings".
For the asset classes "Land" and "Buildings", both cost and revalued value are used as measurement criteria; see tables 9.1 and 9.3 above for the relevant opening and closing balances.
Since 2014, the Group has revalued the properties for business use by applying the Revaluation Model provided for in IAS 16. "Gross closing balance" include advances paid by the Parent Bank, for an amount of Euro 5,753 thousand, referring to the acquisition of various assets, for which the depreciation process has not yet begun.

Point b1) "of which business combinations" shows the value of property, plant and equipment for business use valued at cost, for an amount equal to Euro 50,451 thousand, and corresponding to the balance of the same assets held by the subsidiary Banca di Cividale at the acquisition date, i.e. 30 June 2022.
The gross closing balance and the related impairment losses recognised in items D.1 and D.2 are not reflected in the changes for the period of the various asset classes due to the presentation of the derecognition of the value of discontinued assets at net values.
The amount in line B.2 is attributable to the capitalisation of costs for the year for the renovation of leased properties used as branches.
The "other changes" in lines B.7 and C.7 show any advances on restructuring paid in previous years and allocated to the correct asset category on completion of the works in the year ended 31 December 2021, as well as the gains/losses on disposal as per table 20.1 of the income statement.

9.7 Property, plant and equipment held for investment purposes: annual changes

	Total	
	Land	Buildings
A. Opening balance	-	124,983
B. Increases	2,824	29,854
B.1 Purchases	2,824	10,245
- of which business combinations	2,824	8,505
B.2 Capitalised improvement expenses	-	11,674
B.3 Positive changes in fair value	-	5,128
B.4 Write-backs	-	-
B.5 Exchange gains	-	-
B.6 Transfers from properties for business use	-	44
B.7 Other changes	-	2,764
C. Decreases	-	(19,112)
C.1 Sales	-	(18,532)
- of which business combinations	-	-
C.2 Depreciation	-	(180)
C.3 Negative changes in fair value	-	(400)
C.4 Impairment losses	-	-
C.5 Exchange losses	-	-
C.6 Transfers to:	-	-
a) properties for business use	-	-
b) non-current assets and groups of assets held for sale	-	-
C.7 Other changes	-	-
D. Closing balance	2,824	135,725
E. Fair value measurement	-	-

Point b1) "of which business combinations" shows the value of property, plant and equipment held for investment purposes, for an amount of Euro 2,824 thousand under the item "Land" and Euro 8,505 thousand under the item "Buildings", corresponding the balance of the assets held by the subsidiary Banca di Cividale at the acquisition date, i.e. 30 June 2022.

9.9 Commitments for the purchase of property, plant and equipment
At the reporting date, there are no significant commitments of the Group for the purchase of property, plant and equipment, with the exception of the costs already expected in the plan for the restructuring of existing branches.

Section 10 - Intangible assets - Item 100

10.1 Intangible assets: breakdown by type of asset

Assets/Values	Total 31/12/2022		Total 31/12/2021	
	Definite life	Indefinite life	Definite life	Indefinite life
A.1 Goodwill	X	-	X	-
A.1.1 attributable to the group	X	-	X	-
A.1.2 attributable to minority interests	X	-	X	-
A.2 Other intangible assets	24,468	850	16,193	850
of which: software	18,931	-	16,082	-
A.2.1 Assets measured at cost:	24,468	850	16,193	850
a) Intangible assets generated internally	-	-	-	-
b) Other assets	24,468	850	16,193	850
A.2.2 Assets measured at fair value:	-	-	-	-
a) Intangible assets generated internally	-	-	-	-
b) Other assets	-	-	-	-
Total	24,468	850	16,193	850

Assets generated internally are not recorded.
The amount of intangible assets with a definite life is broken down as follows:

- costs for software for Euro 18,931 thousand with a definite useful life of 4 years. This residual carrying amount will be amortised in the amount of Euro 5,291 thousand, Euro 4,213 thousand, Euro 2,591 thousand and Euro 909 thousand, respectively, in the years 2023, 2024, 2025 and 2026; the item also includes advances of Euro 5,927 thousand paid for the acquisition of assets that have not yet been amortised.

The amount of Assets with "indefinite life" under item A.2.1 b) is attributable to the capitalisation of construction rights (building rights) associated with the sale of a portion of property held as investment by the Group.

10.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: generated internally		Other intangible assets: other		Total
		DEF	INDEF	DEF	INDEF	
A. Opening balance	-	-	-	47,158	850	48,008
A.1 Total net impairment losses	-	-	-	(30,965)	-	(30,965)
A.2 Net opening balance	-	-	-	16,193	850	17,043
B. Increases	-	-	-	13,472	-	13,472
B.1 Purchases	-	-	-	13,472	-	13,472
- of which business combinations	-	-	-	5,761	-	5,761
B.2 Increases in internal intangible assets	X	-	-	-	-	-
B.3 Write-backs	X	-	-	-	-	-
B.4 Positive changes in fair value	-	-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to the income statement	X	-	-	-	-	-
B.5 Exchange gains	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
C. Decreases	-	-	-	(5,196)	-	(5,196)
C.1 Sales	-	-	-	-	-	-
- of which business combinations	-	-	-	-	-	-
C.2 Value adjustments	-	-	-	(5,126)	-	(5,126)
- Amortisation	X	-	-	(5,126)	-	(5,126)
- Write-downs	-	-	-	-	-	-
+shareholders' equity	X	-	-	-	-	-
+income statement	-	-	-	-	-	-
C.3 Negative changes in fair value:	-	-	-	-	-	-
- to shareholders' equity	X	-	-	-	-	-
- to the income statement	X	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Exchange losses	-	-	-	-	-	-
C.6 Other changes	-	-	-	(70)	-	(70)
D. Net closing balance	-	-	-	24,468	850	25,318
D.1 Total net value adjustments	-	-	-	(36,104)	-	(36,104)
E. Gross closing balance	-	-	-	60,572	850	61,422
F. Measurement at cost	-	-	-	-	-	-

Point b1) "of which business combinations" shows the value of intangible assets, for an amount equal to Euro 5,761 thousand, and corresponding to the balance of the same assets held by the subsidiary Banca di Cividale at the acquisition date, i.e. 30 June 2022.
All intangible assets recognised in the financial statements are measured at cost.

Section 11 - Tax assets and liabilities - Item 110 of assets and Item 60 of liabilities

Current tax assets

The item "current tax assets" amounts to Euro 4,204 thousand and refers to IRES and IRAP tax credits of the subsidiary CiviBank for Euro 3,405 thousand and to VAT and IRAP tax credits of Sparim for Euro 794 thousand. Tax credits and advances relating to the IRES Consolidation, in addition to the IRAP advances paid by the Parent Bank, are recorded as a reduction of the respective tax payables under the item "current tax liabilities".

With reference to tax credits, it should be noted that their recognition is justified by the forecast of the realisation by the Banks and the Group of future taxable income against which they can be used.

Current taxes are determined by applying the IRES rate of 27.5% and the IRAP rate of 4.64% and 4.65% (respectively for Cassa di Risparmio di Bolzano and for CiviBank) to the respective taxable amounts as a result of the weighting between the IRAP rates applicable not only in the province of Bolzano but also in the province of Trento and in the regions of Veneto, Lombardy and Friuli Venezia Giulia where the two Banks' branches operate, based on the market shares of customer deposits. With reference to the Group company Sparim, the IRES and IRAP rates applied are 24.0% and 3.9%, respectively.

Deferred taxes are also determined by applying the IRES rate of 27.5% and the IRAP rate of 4.64% and 4.65% to the respective taxable amount. With reference to Sparim, it should be noted that the Provincial Council of Bolzano, in the 2023 Budget Law, reduced the IRAP rate from 3.90% to 3.30% only for the 2023 period. Deferred taxation was determined by applying the IRES rate of 24% and maintaining the IRAP rate of 3.90%.

In this regard, it should be noted that the 2016 Stability Law provided for the reduction of the IRES rate to 24%, with effect from the tax periods subsequent to the one in progress at 31 December 2016. However, this provision does not apply to credit institutions, which are required to increase the tax at a reduced rate of 3.5 percentage points. The surcharge, which negatively affects the tax burden of banks, was in any case also envisaged with the aim of not excessively penalising the banking system, effectively neutralizing the negative effect that the reduction in rate would have had on the large stocks of DTAs resulting from the deferred deductibility of write-downs and losses on receivables.

To be noted is that from 2019, the ACE facility (Aid to Economic Growth) was reinstated; this incentive, which had been abolished by the 2019 Budget Law, was reintroduced seamlessly, i.e. avoiding that the 2019 tax period was excluded from the benefit.

Current tax liabilities

At the reporting date, "Current tax liabilities" amounted to Euro 3,761 thousand and refer to the 2022 payable deriving from the IRES consolidation, net of the tax credits deriving from the national tax consolidation, as well as the 2022 IRAP payable of the various companies.

Details on the breakdown and change in the year of "Deferred tax assets" and "Deferred tax liabilities" are shown in the following tables.

11.1 Deferred tax assets: breakdown

	Taxable amount	Taxes
Value adjustments to loans to customers, deductible on a straight-line basis in the ten years following their recognition in the income statement	303,463	92,781
IRES tax loss	32,163	8,845
Allocation to the provision for risks on endorsement loans	15,245	4,376
Allocations not deducted from the Pension Fund	755	208
Other allocations to the provisions for risks and charges (revocation actions, lawsuits, deferred charges for personnel not defined contractually, solidarity fund and sundry risks)	38,754	12,030
Redemption of goodwill of Millennium SIM S.p.A.	3,969	1,276
Goodwill from acquisition of the Banca Sella business unit	6,144	1,975
Other expenses with deferred deductibility	1,089	355
Measurement of financial assets and derivative instruments	19,597	4,938
Adjustments to property, plant and equipment and intangible assets	54,116	15,856
Write-down of IAS/IFRS receivables	63,204	19,271
Other IAS/IFRS adjustments	5,838	1,402
PPA allocation	37,912	12,154
Total	582,249	175,467

The amount of taxes indicated in the table refers to IRES for Euro 156,250 thousand and to IRAP for Euro 19,217 thousand.

Deferred Tax Assets

Article 2, paragraphs 55 to 58, of Decree Law no. 225 of 29 December 2010, converted, with amendments, by Law no. 10, of 26 February 2011, introduced the regulation of the tax credit deriving from the transformation of deferred tax assets ("DTA") recognised in the financial statements, relating to the write-downs and losses on deductible receivables pursuant to Article 106, paragraph 3, of the TUIR [Consolidated Income Tax Act] and relating to the value of goodwill and other intangible assets whose negative components are deductible for income tax purposes in several tax periods.

Subsequently, Article 9 of Decree Law no. 201 of 6 December 2011 ("Monti decree"), converted with amendments by Law no. 214 of 22 December 2011, made changes to the rules on the transformation of DTAs into tax credits, extending their scope and modifying the way in which the tax credit can be used compared to the original wording of the rule.

On 3 May 2016, the new decree law on banks was published in the Official Gazette (Decree Law no. 59/2016), converted by Law no. 119 of 30.06.2016, which introduced, among other things, changes to the regime for converting deferred tax assets into tax credits by the stakeholders (mainly credit institutions). In order to keep the conversion mechanism in place, the banks were required to pay an annual fee of 1.5% on the difference between the amount of the convertible deferred tax assets (increased by the taxes already converted) at 31.12.2015 and the taxes paid (IRES, IRAP) in the period between 2008 and 2015 (possibly increased for payments in subsequent periods). If the taxes paid exceeded the DTAs recorded in the financial statements (and those already converted), nothing was due. Vice versa, in order to continue to benefit from the tax relief pursuant to Art. 2, paragraphs 55 to 57, of Decree Law no. 225/2010, the parties were required to exercise a special option by paying the new annual fee on the differences until 31 December 2029. If the option had not been exercised, for the purpose of regulatory provisions, the deferred tax assets under Law no. 214/2011 should have been treated as the other DTAs and therefore, among other things, deducted from own funds. The payment of the fee was an indispensable condition for the European Commission not to consider the DTA scheme as "State aid". Cassa di Risparmio di Bolzano decided to maintain the transformation method. The fee paid in 2022 amounted to Euro 679 thousand only for the Parent Bank.

Finally, it should be noted that in sequence, first the 2019 Budget Law and then the 2020 Budget Law, by amending Article 16, paragraphs 3 - 4 and 8 - 9 of Legislative

Decree no. 83 of 27 June 2015, provided that the deduction of the portions of taxable DTAs on the amount of losses and write-downs on loans, for IRES and IRAP purposes, for credit and financial institutions and insurance companies in relation to previous tax periods, would be deferred and reformulated with reference to the reversal mechanism, providing for the first portion of deductibility for the 2020 tax period.
During the first part of 2022, the Government presented an amendment to the draft conversion law of Italian Decree Law no. 17/2022, which provided for the deferral of the deductibility envisaged for 2022 of the 12% share of negative components (write-downs and losses on receivables) pursuant to paragraphs 4 and 9 of Article 16 of Italian Decree Law no. 83 of 27 June 2015. This deferral replaces, without impact on public accounts, the one envisaged in Art. 42, paragraph 1, of Italian Decree Law no. 17/2022, which referred to the deductibility of a 12% share in relation to 2021. In this way, the regulatory amendment avoided retroactive effects on the financial statements for the year 2021 and on other documents with external validity referring to 2021, already prepared or in the process of being drafted by the parties concerned by the deferral.
The deferral of the deductibility of a 12% share is recovered, on a straight-line basis, over the following 4 years.
In order to ensure the financial neutrality of the amendment, it is envisaged that the deductibility of 10% of the negative components envisaged for 2026 is brought forward to 2022 for a portion equal to 5.3%.
Lastly, it should be noted that following the approval of Decree Law no. 83/2015, which introduced for banks the immediate deductibility of losses and write-downs on receivables, the stock of convertible DTAs can no longer be increased in the future.
The balance of deferred tax assets at 31 December 2022 for the two banks of the Group includes Euro 92,952 thousand of DTAs convertible in the next few years.

Recognition of DTAs and tax credits

Deferred tax assets are recognised on the unused portion of the Ace tax subsidy (that can be carried forward) relating to the 3.5% increase, as the Parent Bank expects to realise future taxable income against which they can be used.
Deferred tax assets are also recognised on the unused portion of losses and of the Ace tax subsidy (that can be carried forward) of the subsidiary CiviBank, as also in this case the subsidiary expects to realise future taxable income against which they can be used.
In this regard, a paragraph relating to the probability test carried out with reference to the recovery of losses realised by CiviBank is reported below.

It should also be noted that, as indicated above, also with reference to tax credits, the recognition is justified by the forecast of the realisation by the Bank and the Group of future taxable income against which they may be offset.

Probability test for DTA detection

First of all, it should be noted that the IAS 12 international accounting standard provides that the recognition of tax liabilities and assets must be carried out on the basis of the following criteria:

- ✓ a deferred tax liability must be recognised for all taxable temporary differences;
- ✓ a deferred tax asset must be recognised for all deductible temporary differences, if it is probable that sufficient taxable income will be realised with respect to the deductible temporary differences. Deferred tax assets not accounted for in the past - as the conditions for their recognition were not met - must be recognised in the year in which these conditions arise.

The amount of deferred tax assets recognised in the financial statements must therefore be tested every year to verify whether there is a reasonable certainty of achieving taxable income in the future that will allow them to be recovered.

Considering the amount of deferred tax assets recognised under the assets of the subsidiary CiviBank, with regard to the 2022 financial statements, an analysis was carried out to verify whether the future profitability forecasts are such as to guarantee their reabsorption and, therefore, justify their recognition and inclusion in the financial statements ("probability test").

In carrying out the probability test on the other prepaid IRES and IRAP taxes, recognised in the financial statements of CiviBank at 31 December 2022, deferred tax assets deriving from deductible temporary differences relating to write-downs and losses on receivables (other than those arising from the first application of the international accounting standard IFRS 9), were considered separately. As reported above, in this regard, it should be noted that, starting from the tax period ended 31 December 2011, the conversion into tax credits of prepaid IRES taxes recognised in the financial statements against tax losses deriving from the deferred deduction of qualified temporary differences (art. 2, paragraph 56-bis, Italian Decree Law no. 225 of 29 December 2010, introduced by art. 9, Italian Decree Law no. 201 of 6 December 2011) is permitted. Starting from the 2013 tax period, a similar possibility of conversion is envisaged, if the IRAP return shows a negative net production value, also for prepaid IRAP taxes relating to qualified temporary differences that have contributed to the determination of the negative net production value (art. 2, paragraph 56-bis.1, Italian Decree Law no. 225 of 29 December 2010, introduced by Italian Law no. 147/2013). These forms of convertibility - in addition to that already envisaged for the case when the separate financial statements show a loss for the year (art. 2, paragraphs 55 and 56, Italian Decree Law no. 225/2010, as last amended by Italian Law no. 147/2013) - constitute an additional and supplementary recovery method, which is suitable for ensuring the recovery of qualified deferred tax assets in every situation, regardless of the company's future profitability. In fact, in a given year, if there are surpluses of qualified temporary differences with respect to taxable income or the net production value, the recovery of the related deferred tax assets does not result in a reduction in current taxes, but in any case through the recognition of deferred tax assets on the tax loss or on the negative production value, which are convertible into tax credits pursuant to art. 2, paragraphs 56-bis and 56-bis.1, Italian Decree Law no. 225/2010. The convertibility of deferred tax assets on tax losses and negative net production value that are determined by qualified temporary differences is therefore a sufficient prerequisite for the recognition in the financial statements of qualified deferred tax assets, excluding them from the scope of application of the profit probability test.

An additional limit to the tout court convertibility of deferred tax assets was introduced by art. 11 of Italian Decree Law no. 59 of 3 May 2016, amended by Italian Decree Law no. 237 of 23 December 2016, which made the conversion into a tax credit of qualified deferred tax assets in correspondence of which an actual advance payment of taxes have not occurred ("type 2 DTA") subject to the payment of an annual fee, equal to 1.5% of their total value, for the years 2016-2030. No fee is due for the convertibility into a tax credit of qualified deferred tax assets in correspondence of which an actual advance payment of higher taxes has been paid ("type 1 DTA"). Taking into account that the deferred tax assets are all "type 1 DTAs", CiviBank is not currently required to pay the fee.
The 2019 Italian Budget Law (Italian Law no. 145 of 30 December 2018), art. 1, paragraphs 1067 and 1068, provided for the deductibility (both for IRES and IRAP purposes) in ten tax periods, starting from the one in progress at 31 December 2018, of the value adjustments on loans to customers recorded in the financial statements of banks and financial institutions at the time of the first-time application of the IFRS 9 international accounting standard. According to what is clarified in the Explanatory Report of the Measure, deferred tax assets recognised in the financial statements against the deferral of the aforementioned deduction are not convertible into tax credits based on the aforementioned provisions of Italian Decree Law no. 225/2010. Therefore, these taxes must be subject to a probability test.
The 2020 Budget Law (Law no. 160 of 27 December 2019) provided for a new and longer timetable for the reversals of qualified DTAs.
In particular, the Law further amended the transitional regime envisaged by art. 16 par. 3 - 4 and 8 - 9 of Italian Decree Law 83/2015 regarding the deductibility, for IRES and IRAP purposes, of losses on loans to banks, financial companies and insurance companies, providing for the deduction of the share of 12%, originally due for the tax period in progress at 31 December 2019 to be deferred, on a straight-line basis, to the tax period in progress at 31 December 2022 and the three subsequent periods (2022, 2023, 2024 and 2025).
For the sake of completeness, it should be noted that art. 55 of Italian Decree Law no. 18 of 17 March 2020 provided for the conversion of deferred tax assets recognised in the financial statements deriving from tax losses due to the sale of non-performing loans for consideration. These effects were also taken into account in the probability tests described above.
On this basis, the probability test on other IRES deferred tax assets was carried out as follows:

a) identification, in the context of other deferred tax assets, of "unqualified" ones, as they cannot be converted into tax receivables (see above);
b) analysis of these unqualified deferred tax assets and deferred tax liabilities recognised in the financial statements, differentiating them by reason and foreseeable timing of re-absorption;
c) provisional quantification of possible future taxable income of CiviBank for the financial years up to 2027 with the consequent observation time horizon for the reabsorption of "unqualified" deferred tax assets of five years.

Also for IRAP deferred tax assets, the probability test was carried out analytically with reference only to unqualified deferred tax assets (for those convertible into tax receivables, as mentioned, certain prospects of use on the basis of the assumptions of conversion into tax credits envisaged by paragraphs 56-bis and 56-bis.1, art. 2, Italian Decree Law no. 225/2010, are in fact a sufficient prerequisite for recognition in the financial statements, implying passing of the relative probability test.
The test was carried out by comparing prospective IRAP taxable incomes for financial years up to 2027 with the consequent observation time horizon for the reabsorption of "unqualified" deferred tax assets of five years. Taking into account that for IRAP purposes, unlike the case for IRES tax losses, there is no carry forward regime for taxable income if in one or more years the residual tax base is negative, the IRAP deferred tax assets that can be recognised in the financial statements must be limited only to the corresponding temporary differences that can be absorbed in each year considered.

11.2 Deferred tax liabilities: breakdown

	Taxable amount	Taxes
Capital gains from disposal of property, plant and equipment	-	-
Capital gains from disposal of financial fixed assets	-	-
Deferred taxation on deferred tax reserves	-	-
Membership fees	-	-
Deferred taxation on reversal of IFRS 16 intra-group effects	1,124	361
Deferred taxation on FITD intervention Voluntary securitisation scheme	-	-
IAS adjustments to property, plant and equipment and intangible assets	1,277	411
Staff	270	87
Measurement of financial assets and derivative instruments	20,665	1,406
Capital gains on equity investments	-	-
Other	2,243	585
PPA allocation	12,450	4,003
Total	38,029	6,852

The amount of taxes indicated in the table refers to IRES for Euro 5,306 thousand and to IRAP for Euro 1,546 thousand.

11.3 Changes in deferred tax assets (with balancing entry in the income statement)

	Total 31/12/2022	Total 31/12/2021
1. Opening amount	92,795	122,432
2. Increases	86,555	4,986
2.1 Deferred tax assets recognised during the year	19,720	4,986
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) write-backs	-	-
d) other	19,720	4,986
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	66,835	-
3. Decreases	(16,215)	(34,623)
3.1 Deferred tax assets derecognised during the year	(16,215)	(28,517)
a) reversals	(16,215)	(28,517)
b) write-downs due to non-recoverability	-	-
c) change in accounting policies	-	-
d) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases:	-	(6,106)
a) transformation into tax credits pursuant to Law 214/2011	-	-
b) other	-	(6,106)
4. Closing amount	163,135	92,795

11.4 Changes in deferred tax assets pursuant to Law 214/2011

	Total 31/12/2022	Total 31/12/2021
1. Opening amount	61,145	78,602
2. Increases	34,626	-
3. Decreases	2,633	17,457
3.1 Reversals	818	17,457
3.2 Transformation into tax credits	-	-
a) deriving from losses for the year	-	-
b) deriving from tax losses	-	-
3.3 Other decreases	1,815	-
4. Closing amount	93,138	61,145

The amount of item "2. Increases" refers to the stock of deferred assets under Law 214/2011 of the subsidiary Banca di Cividale.

11.5 Changes in deferred tax liabilities (with balancing entry in the income statement)

	Total 31/12/2022	Total 31/12/2021
1. Opening amount	481	16,631
2. Increases	10,347	90
2.1 Deferred tax liabilities recognised during the year	102	90
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	102	90
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	10,245	-
3. Decreases	(5,832)	(16,240)
3.1 Deferred tax liabilities derecognised during the year	(5,832)	(16,240)
a) reversals	(5,832)	(16,240)
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing amount	4,996	481

11.6 Changes in deferred tax assets (with balancing entry to shareholders' equity)

	Total 31/12/2022	Total 31/12/2021
1. Opening amount	2,003	2,486
2. Increases	11,606	351
2.1 Deferred tax assets recognised during the year	2,060	351
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	2,060	351
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	9,547	-
3. Decreases	(1,276)	(834)
3.1 Deferred tax assets derecognised during the year	(695)	(106)
a) reversals	(695)	(106)
b) write-downs due to non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	(581)	(728)
4. Closing amount	12,332	2,003

11.7 Changes in deferred tax liabilities (with balancing entry to shareholders' equity)

	Total 31/12/2022	Total 31/12/2021
1. Opening amount	813	2,430
2. Increases	1,313	459
2.1 Deferred tax liabilities recognised during the year	803	459
a) relating to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	803	459
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	511	-
3. Decreases	(271)	(2,076)
3.1 Deferred tax liabilities derecognised during the year	(271)	(2,076)
a) reversals	(271)	(2,076)
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Reductions in tax rates	-	-
3.3 Other decreases	-	-
4. Closing amount	1,855	813

11.8 Other information

Tax situation

The Parent Bank, as consolidating company, participates, together with the subsidiaries Sparim S.p.A. and Sparkasse Immobilien S.r.l., in the "National tax consolidation", which will automatically renew for the three-year period 2022-2024.

With reference to the terms set forth for the assessment, it is specified that paragraphs 130, 131 and 132 of the 2016 Stability Law (Law 208/2015) have reformed the two

parallel reference regulations: Article 57 of Presidential Decree 633/1972 and Article 43 of Presidential Decree 600/1973. The ordinary deadline for the notification of adjustment notices and assessment notices becomes 31 December of the fifth year following the year in which the declaration was submitted, and no longer the fourth. The extension of the deadline was also provided for in cases of omitted declaration and null declaration, moving from 31 December of the fifth year following the year in which the declaration should have been submitted to 31 December of the seventh year following the year in which the declaration should have been submitted.
The new provisions apply to assessment and adjustment notices relating to the 2016 tax period and subsequent ones. For the above-mentioned documents valid until 2015, on the other hand, the notification must be made, under penalty of forfeiture, in accordance with the previous regime, i.e. "by 31 December of the fourth year following the year in which the declaration was submitted or, in cases of omitted declaration or of null declaration, by 31 December of the fifth year following the year in which the declaration should have been submitted".
In the case of violations involving tax offences (i.e. those covered by Legislative Decree 74/2000), the deadlines of the fourth and fifth year following the submitted or omitted declaration are doubled with respect to the tax period in which the violation was committed; however, this doubling does not apply if the report by the tax authorities, including the Guardia di Finanza, is submitted or transmitted after the ordinary expiry of the above-mentioned deadlines.
The ordinary discipline for the forfeiture of taxation power was changed during the Covid-19 emergency period: the "Cura Italia" decree law gave more time to offices to carry out the assessment activities. In particular, the suspension of the terms was established for 85 days, in the period from 8 March 2020 to 31 May 2020. This led to the postponement of the forfeiture terms, for a corresponding period. The result is that the forfeiture term for the deeds expiring on 31 December 2020 was postponed to 26 March 2021, while, for the years from 2016 onwards, the same deferral of the forfeiture terms applies: the extension to 26 March (or on the 25th, for leap years) applies for all the years when the control activity was in progress or could be carried out in the period 8 March-31 May 2020, therefore certainly up to and including 2018.

Section 12 - Non-current assets and groups of assets held for sale and associated liabilities - Item 120 of assets and item 70 of liabilities

12.1 Non-current assets and groups of assets held for sale: breakdown by type of asset

	Total 31/12/2022	Total 31/12/2021
A. Assets held for sale		
A.1 Financial assets	-	-
A.2 Equity investments	-	-
A.3 Property, plant and equipment	15	15
of which: obtained through the enforcement of guarantees received	-	-
A.4 Intangible assets	-	-
A.5 Other non-current assets	-	-
Total (A)	15	15
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	15	15
B. Discontinued operations		
B.1 Financial assets measured at fair value through profit or loss	-	-
- financial assets held for trading	-	-
- financial assets designated at fair value	-	-
- other financial assets mandatorily measured at fair value	-	-
B.2 Financial assets measured at fair value through other comprehensive income	-	-
B.3 Financial assets measured at amortised cost	108	108
B.4 Equity investments	-	-
B.5 Property, plant and equipment	-	-
of which: obtained through the enforcement of guarantees received	-	-
B.6 Intangible assets	-	-
B.7 Other assets	894	806
Total (B)	1,016	929
of which measured at cost	894	806
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	123	123
C. Liabilities associated with assets held for sale		
C.1 Payables	-	-
C.2 Securities	-	-
C.3 Other liabilities	-	-
Total (C)	-	-
of which measured at cost	-	-
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-
D. Liabilities associated with discontinued operations		
D.1 Financial liabilities measured at amortised cost	-	-
D.2 Financial liabilities held for trading	-	-
D.3 Financial liabilities designated at fair value	-	-
D.4 Provisions	(1,399)	(420)
D.5 Other liabilities	(76)	(87)
Total (D)	(1,474)	(507)
of which measured at cost	(1,474)	(507)
of which measured at fair value level 1	-	-
of which measured at fair value level 2	-	-
of which measured at fair value level 3	-	-

The data shown in table 12.1 refer to the restatement of the assets and liabilities of the company Raetia SGR S.p.A. in liquidation, with the exception of the amount shown in point A.3 which refers to a property for which a binding preliminary trade agreement has already been signed and which has therefore been reallocated to Assets held for sale for its presumed realisable value.

12.2 Other information

With reference to the equity investment in Raetia SGR S.p.A. in liquidation, it should be noted that although it falls within the scope of consolidation, the total Assets and Liabilities as well as the income statement results were respectively classified under the items "Non-current assets and groups of assets held for sale", "Liabilities associated with assets held for sale" and "Gains (losses) from groups of assets held for sale" for their carrying amount after the entries of elimination and consolidation as a company in liquidation.

Section 13 - Other assets - item 130

13.1 Other assets: breakdown

	31/12/2022	31/12/2021
Tax credits	157,419	42,002
- Tax credits for purchased "eco-bonus" and "seismic bonus"	144,927	31,688
- Interest portion	49	49
- Principal portion	12,443	10,265
Receivables from tax authorities for advances paid	10,292	2,663
Withholding taxes incurred	409	365
Items in progress	86,733	50,600
- utilities to be charged to customers	36,486	35,000
- current account cheques	2,546	5,917
- other	47,701	9,683
Pensions fund investment management account, Sec. A/A1	4,350	192
Receivables from special purpose vehicles, Italian Law 130	36,655	45,079
Sundry assets and receivables	92,488	49,294
Total	390,159	190,195

The change in the balance of the total of Other assets compared to the previous year includes the contribution of Euro 89.1 million of the new CiviBank subsidiary in the Cassa di Risparmio di Bolzano Group.
The item that has recorded the most significant increases is that relating to the tax credits deriving from the eco and seismic bonuses purchased by the Bank (Euro +83.8 million) pursuant to the provisions of the "Relaunch Decree" of July 2020 which has introduced this tax relief for the taxpayer, who is given, inter alia, the possibility of transferring their tax credit accrued on real estate restructuring works both with the aim of improving the energy efficiency and seismic protection. These receivables are recognised at their amortised cost. Tax receivables acquired by the subsidiary Banca di Cividale for a total of Euro 29.4 million are added to the Parent Bank's balance.
"Items in progress" increased by a total of Euro 36.1 million, of which Euro 12.9 million for the Parent Bank alone; this against an increase in transitional accounts linked to virtual proxies, F24 and the electronic portfolio, as well as, to a lesser extent, the utilities to be charged to customers.
Other significant changes included the reduction in the item "Receivables from special purpose vehicles, Italian Law 130" or from securitisation transactions vehicles, including the new transaction linked to the issue of covered bonds, which decreased by Euro 9.4 million and which includes the flows to and from the SPV Fanes, vehicle of three securitisation transactions in place at the end of last year, reduced to two at 31 December 2022.

The item "Pensions fund investment management account, Sec. A/A1", which includes the liquidity of the fund and the actuarial adjustments of the mathematical reserve, recorded an increase of Euro 4.2 million, due to the valuation of the residual payable to the members, based on actuarial estimates which, on the basis of the strongly negative returns recorded in 2022, determined the need to bring new liquidity to the provision.
The item "Tax credits", in its interest and principal portions, is in line with the figures of the previous year and mainly includes the credit for stamp duty paid virtually.

Liabilities

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

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

Type of transactions/Values	Total 31/12/2022				Total 31/12/2021			
	CA	Fair value			CA	Fair value		
		L1	L2	L3		L1	L2	L3
1. Due to central banks	3,209,442	X	X	X	2,144,123	X	X	X
2. Due to banks	389,078	X	X	X	191,609	X	X	X
2.1 Current accounts and demand deposits	30,297	X	X	X	13,052	X	X	X
2.2 Term deposits	67,130	X	X	X	9,010	X	X	X
2.3 Loans	289,247	X	X	X	169,312	X	X	X
2.3.1 Repurchase agreements	-	X	X	X	-	X	X	X
2.3.2 Other	289,247	X	X	X	169,312	X	X	X
2.4 Payables for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease payables	2,323	X	X	X	235	X	X	X
2.6 Other payables	81	X	X	X	-	X	X	X
Total	3,598,520	-	-	3,598,520	2,335,732	-	-	2,335,732

The item "Due to central banks" refers to TLTRO-III open market refinancing operations. This third set of loans was announced in March 2019 and subsequently saw changes to the parameters in September 2019, in light of the worsening of the economic situation, as well as in March, April and December 2020 both in the face of the COVID-19 emergency and in light of the economic repercussions due to the prolongation of the pandemic.
The change in the parameters of the TLTRO-III transactions, made by the Governing Council of the Central Bank in December 2020, provided for, inter alia, an increase in the maximum amount that can be requested in the form of the TLTRO-III amount drawn from 50% to 55% of the amount of eligible loans.
In October 2022, the Governing Council of the European Central Bank instead decided to recalibrate the TLTRO-III loans, to ensure consistency with the monetary policy normalisation process. Since 23 November 2022, the interest rate on TLTRO-III transactions still outstanding is indexed to the reference interest rate applicable during this period. In this regard, it should be noted that, having achieved all the benchmarks required by the European Central Bank, the two Group Banks pay the "overnight deposit rate" instead of the "main refinancing rate", which would be 50 basis points higher than the first. The same Governing Council also decided to offer the banks additional dates for the possible voluntary early repayment of the loans.
The TLTRO-III programme consisted of a total of ten auctions, each with a duration of three years, two of which took place in 2019 and four of which took place in 2020 and 2021 respectively. The Group participated in various auctions and at 31 December 2022 has TLTRO-III loans in place for a total amount of Euro 3,237 million, of which Euro 2,150 million are attributable to the Parent Bank and Euro 1,087 million to CiviBank.
In order to extend the maturities of these loans on the one hand, and to optimise the overall amount of interest in its favour upon achieving the various benchmarks required by the European Central Bank, on the other hand, the Parent Bank has taken steps to make its share of TLTRO-III loans more efficient in the second half of the year 2021,

that is, the loan of Euro 700 million, drawn in June 2020, was repaid early in September 2021 and, at the same time, was renewed for the same amount and up to September 2024. The loans of Euro 520 million and 250 million, drawn respectively from the auctions of September and December 2020, have been instead repaid in advance in December 2021 and, again at the same time, a total amount equal to Euro 770 million maturing in December 2024 was renewed.
On the other hand, in 2022, CiviBank launched certain initiatives aimed at the provision of funding instruments that will be able to further diversify the funding sources, to replace TLTRO-III loans maturing in June and September 2023 with amounts of Euro 258 million and Euro 356 million respectively, as well as ensuring at the same time the maintenance of adequate levels of the "Liquidity Coverage Ratio" and "Net Stable Funding Ratio". These initiatives are expected to be completed by the first half of 2023.
The loans were secured, inter alia, by the tranches of ABS not placed on the market of the two Banks, as well as, as regards the Parent Bank, the first Covered Bank Bond issued in June 2022.
The item "Loans" refers entirely to the amount of funding obtained by the European Investment Bank for the refinancing of specific SME projects.
In consideration of the prevailing short-term duration of due to banks, the related fair value is conventionally taken to be equal to the carrying amount.

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

Type of transactions/Values	Total 31/12/2022				Total 31/12/2021			
	CA	Fair value			CA	Fair value		
		L1	L2	L3		L1	L2	L3
1. Current accounts and demand deposits	9,405,424	X	X	X	6,624,366	X	X	X
2. Term deposits	1,139,882	X	X	X	769,389	X	X	X
3. Loans	1,062,746	X	X	X	28,037	X	X	X
3.1 Repurchase agreements	1,036,705	X	X	X	-	X	X	X
3.2 Other	26,041	X	X	X	28,037	X	X	X
4. Payables for commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease payables	31,364	X	X	X	21,784	X	X	X
6. Other payables	509,771	X	X	X	220,915	X	X	X
Total	12,149,187	-	-	12,149,187	7,664,491	-	-	7,664,491

The overall comparison figure between the amounts at the end of the period and the data at the end of the previous year shows an increase of Euro 4,485 million (+58.5%); this increase is to be seen in the perspective of the new banking Group, which, from 30 June 2022, includes the subsidiary CiviBank. The latter's contribution to the direct funding from customers item amounted to Euro 3,810.7 million at 31 December 2022. That said, amounts due to customers of the Parent Bank alone recorded an increase of Euro 674 million (+8.7% compared to the amounts at the end of the previous year).
Point 3.1 includes the amounts of loans payables (Classic Repo) made by the Parent Bank on the MTS Repo platform, for Euro 457.5 million, and for the remainder (Euro 579.2 million), for similar transactions carried out by the subsidiary CiviBank. This funding method was zero at the end of 2021.
The item "Loans - Other" mainly refers to the amount of funding obtained in several tranches from Cassa Depositi e Prestiti to be used for the subsequent subsidised loan to SMEs.

Point 5. Lease payables, effective 01.01.2019, include amounts arising from leases subject to IFRS 16, according to which, when a right to use an asset is recognised as an asset, the discounted amount of the lease payments contractually agreed must be recognised as a liability.
The item "Other payables" refers to the funding from "third-party funds under administration" related to the subsequent disbursement of loans to customers by virtue of agreements entered into with Public Administration entities (Regions, Provinces and Municipalities) for an amount of Euro 71.7 million managed by the Parent Bank and a further Euro 320 million managed by the subsidiary CiviBank.
This item also includes the payable to the special purpose entity of the self-securitisation called "Fanes 4" against the sale on the market of the senior notes of the same securitisation, carried out by the Parent Bank in 2019, for a residual amount, at 31 December 2022, of Euro 99.1 million.
In consideration of the prevailing short-term duration of due to customers, the related fair value is conventionally taken to be equal to the carrying amount.

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

Type of securities/Values	Total 31/12/2022				Total 31/12/2021			
	CA	Fair value			CA	Fair value		
		L1	L2	L3		L1	L2	L3
A. Securities								
1. bonds	123,628	27,029	97,711	-	96,078	-	102,213	-
1.1 structured	337	-	337	-	338	-	357	-
1.2 other	123,291	27,029	97,374	-	95,740	-	101,856	-
2. other securities	-	-	-	-	-	-	-	-
2.1 structured	-	-	-	-	-	-	-	-
2.2 other	-	-	-	-	-	-	-	-
Total	123,628	27,029	97,711	-	96,078	-	102,213	-

The item "Bonds" recorded an increase of Euro 27.5 million; this difference is partly attributable to the entry into the Group of CiviBank, which contributed bonds issued for Euro 34.3 million, including Euro 7.1 million of LT2 subordinates, in part to the change in the balances of the Parent Bank, where the reduction is of Euro 5.6 million, the result of the repayment due to the end of the loan of some bonds that have reached maturity, and the issue of an LT2 subordinate for a total of Euro 37 million.
Also included is the issuance of another three subordinated bonds, issued by the Parent Bank, for a nominal amount of Euro 0.4 million, 5 million and 20 million, respectively.
The amounts of bonds issued are valued net of Euro 5.8 million of repurchases.

1.3.1 Due to customers subject to micro hedging
This table is not shown since neither in the year ended 31 December 2022 nor in the previous year were there any due to customers that were micro hedged.

1.4 Details of payables/subordinated securities
In December 2015, at the time of the share capital increase, the Parent Bank issued a subordinated Lower Tier II financial liability inextricably linked to the subscription of shares. Subsequently, in 2017 and 2018, the Bank issued, as a capital strengthening measure, two additional Lower Tier II subordinated bonds for a nominal amount of Euro 5 and 20 million, respectively.

Lastly, on 3 October 2022, the Parent Bank issued an additional subordinated loan, again as a capital strengthening measure, for a total of Euro 37 million.
The subsidiary CiviBank, with a view to capital strengthening, also issued a lower tier 2 subordinated bond loan on 1 December 2021 for a nominal amount of Euro 7.1 million.
Details of subordinated liabilities outstanding at 31 December 2022 are provided below (amounts in euro):

ISIN	Nom. amount in euro	Carrying amount	Date of issue	Expiry date	Interest rate
IT0005136756	363,700	337,136	21.12.2015	21.12.2025	Fixed rate at 3.0% until 21.12.2020; for the next 5 years equal to 2.174%*
IT0005320129	5,000,000	5,001,209	29.12.2017	29.12.2024	Fixed rate at 5.75% for the entire duration of the loan
IT0005345274	20,000,000	17,828,049	27.09.2018	27.09.2028	Fixed rate at 6.00% for the entire duration of the loan
IT0005509960	37,000,000	37,572,076	03.10.2022	03.10.2032	Fixed rate at 6.50% until 03.10.2027; for the next 5 years, the 5-year Eur mid-swap rate increased by the initial margin of 399.3 bps.
IT0005468639	7,100,000	7,128,656	01.12.2021	01.12.2031	Fixed rate at 5.00% for the entire duration of the loan

*on 21 December 2020, the interest rate was recalculated as required by the Issuance Regulation for the next 5 years on the basis of the 5-year Euro mid-swap rate increased by the initial margin of 263 basis points.

The loan issued in 2015 has a ten-year duration and, in addition to providing the Bank with the option of early repayment at nominal amount starting from 21 December 2020, subject to authorisation by the competent Authority, it contains, for the subscriber, the right to convert into shares in the ratio of no. 1 share for every no. 1 subordinated bond on 21 June and 21 December of each year starting on 21 June 2016. This convertibility option is accounted for as an "equity" component and is therefore not recorded in Item 10.c) of Liabilities; it has been quantified at Euro 28 thousand and recorded in Item 130 Equity Instruments.
Please note that on 21 December 2022, the Bank did not exercise the early repayment option.
There are no repurchases in ownership of these subordinated bond issues.

Securities issued subject to micro hedging

At 31 December 2022 and at the end of the previous year, there were no outstanding bond issues and/or certificates of deposit whose interest rate risk was hedged with specific derivative instruments and accounted for in accordance with the fair value hedging rules set out in IAS 39.

Section 2 - Financial liabilities held for trading - item 20

2.1 Financial liabilities held for trading: breakdown by type

Type of transactions/Values	Total 31/12/2022					Total 31/12/2021				
	NV	Fair value			Fair value *	NV	Fair value			Fair value *
		L1	L2	L3			L1	L2	L3	
A. On-balance sheet liabilities										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt securities	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other obligations	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
Total (A)	-	-	-	-	-	-	-	-	-	-
B. Derivative instruments										
1. Financial derivatives	-	-	933	-	-	-	-	508	-	-
1.1 Trading	X	-	933	-	X	X	-	508	-	X
1.2 Related to the fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Other	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives	-	-	-	-	-	-	-	-	-	-
2.1 Trading	X	-	-	-	X	X	-	-	-	X
2.2 Related to the fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Other	X	-	-	-	X	X	-	-	-	X
Total (B)	X	-	933	-	X	X	-	508	-	X
Total (A+B)	X	-	933	-	X	X	-	508	-	X

Key:
NV = nominal or notional value
L1 = Level 1
L2 = Level 2
L3 = Level 3
Fair value* = fair value calculated by excluding the changes in value due to the change in the creditworthiness of the issuer with respect to the issue date

The trading financial derivatives in this table refer to the fair value of foreign currency commitments held by the Parent Bank at the end of the period.

Section 3 - Financial liabilities designated at fair value - Item 30

3.1 Financial liabilities measured at fair value: breakdown by type

Type of transactions/Values	Total 31/12/2022					Total 31/12/2021				
	NV	Fair value			Fair value *	NV	Fair value			Fair value *
		L1	L2	L3			L1	L2	L3	
1. Due to banks	-	-	-	-	-	-	-	-	-	-
1.1 Structured	-	-	-	-	X	-	-	-	-	X
1.2 Other	-	-	-	-	X	-	-	-	-	X
of which: - commitments to disburse funds	-	X	X	X	X	-	X	X	X	X
- financial guarantees issued	-	X	X	X	X	-	X	X	X	X
2. Due to customers	-	-	-	-	-	-	-	-	-	-
2.1 Structured	-	-	-	-	X	-	-	-	-	X
2.2 Other	-	-	-	-	X	-	-	-	-	X
of which: - commitments to disburse funds	-	X	X	X	X	-	X	X	X	X
- financial guarantees issued	-	X	X	X	X	-	X	X	X	X
3. Debt securities	-	-	-	-	-	13,986	-	14,275	-	-
3.1 Structured	-	-	-	-	X	13,986	-	14,275	-	X
3.2 Other	-	-	-	-	X	-	-	-	-	X
Total	-	-	-	-	-	13,986	-	14,275	-	-

Key:
NV = nominal or notional value
L1 = Level 1
L2 = Level 2
L3 = Level 3
Fair value* = fair value calculated by excluding the changes in value due to the change in the creditworthiness of the issuer with respect to the issue date

This item includes, as a result of the application of the fair value option, the portion of the bonds issued, net of repurchases, whose interest rate risk is hedged through derivative contracts.
At 31 December 2022, there are no longer bonds of this nature in issue, as the last two loans still outstanding at the end of the previous year also matured in 2022.
The remaining bonds issued, as mentioned above, are stated in previous Section 1.c) "Securities issued".

Section 4 - Hedging derivatives - item 40

4.1 Hedging derivatives: breakdown by type of hedge and by level

	Fair value 31/12/2022 L1	L2	L3	NV 31/12/2022	Fair value 31/12/2021 L1	L2	L3	NV 31/12/2021
A. Financial derivatives	-	-	-	-	-	-	504	100,514
1) Fair value	-	-	-	-	-	-	504	100,514
2) Cash flows	-	-	-	-	-	-	-	-
3) Foreign investments	-	-	-	-	-	-	-	-
B. Credit derivatives	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	504	100,514

This table shows the negative fair values of hedging derivatives. At 31 December 2022, all derivative contracts hedging interest rate risk in place had a positive fair value, and are therefore represented in table 5.1 of Assets.

4.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge
There are no values in this table as all fields are equal to zero.

Section 6 - Tax liabilities — Item 60
Information on "Tax liabilities" is provided in section 11 of Assets together with "Tax assets".

Section 7 - Liabilities associated with assets held for sale - Item 70
The information on the data regarding "Liabilities associated with assets held for sale" is provided in section 12 of the Assets together with that of "Non-current assets and groups of assets held for sale and associated liabilities".

Section 8 - Other liabilities - Item 80

8.1 Other liabilities: breakdown

	31/12/2022	31/12/2021
Payables to tax authorities	6,782	465
Social security contributions to be paid	2,814	2,655
Amounts to be paid to tax authorities on behalf of third parties	12,349	9,439
Amounts due to third parties	3,563	2,929
Suppliers - invoices to be paid/received	17,269	17,485
Items in progress	92,706	68,357
- Bank transfers	87,978	42,581
- Other	4,728	25,776
Currency spreads on portfolio transactions	139,401	117,040
Employee deferred charges, withholdings to be paid	2,085	4,961
Sundry liabilities and payables	95,247	11,994
Total	372,215	235,325

The item "Other liabilities" recorded an increase of Euro 136.9 million, of which Euro 72.5 million represented the contribution of the subsidiary CiviBank. Considering precisely the contribution of CiviBank over the various detailed items, it should be noted that the increase is mainly attributable to the item "Items in progress" where the transitional accounts relating to credit transfers, in particular the transit accounts of the transfers from banks that are discharged in the first business days after the end of the year, recorded an increase of Euro 45.4 million, partly offset by the reduction in other transitional items. The Item "Currency spreads on portfolio transactions" also recorded an increase of Euro 22.4 million due to the considerable increase in volume of the "transferring" accounts as well as bills, documents and similar values - subject to collection - credited to current accounts, not yet liquid at the balance sheet date.

Section 9 - Employee severance indemnity - Item 90

9.1 Employee severance indemnity: annual changes

	Total 31/12/2022	Total 31/12/2021
A. Opening balance	673	771
B. Increases	7,804	3,796
B.1 Allocations for the year	4,806	3,773
B.2 Other changes	2,997	23
- of which business combinations	2,831	-
C. Decreases	(5,138)	(3,894)
C.1 Payments made	(94)	(125)
C.2 Other changes	(5,044)	(3,769)
- of which business combinations	-	-
D. Closing balance	3,339	673
Total	3,339	673

The balance of the item is attributable to the portions of the employee severance indemnity relating to:

- personnel acquired with the Kärntner Sparkasse Italia business unit for Euro 59 thousand;
- personnel acquired with the former Banca Sella business unit, for Euro 585 thousand;
- personnel of the consolidated Sparkasse Haus Srl, for Euro 21 thousand;
- personnel of the consolidated CiviBank for Euro 2,674 thousand, whose initial contribution is highlighted in point B.2 business combinations.

These shares are intended for the moment to remain within Cassa di Risparmio di Bolzano for the first three points outlined above and within CiviBank for the part pertaining to them.

The regulations of the Pension Fund "Section B" for current personnel, on the other hand, allow members, including those with fixed-term contracts, to allocate the portions of employee severance indemnity accrued to said Pension Fund. At 31.12.2022, this treatment is still reserved only to employees of the Cassa di Risparmio di Bolzano Group in its configuration prior to the entry of CiviBank.

The allocation for the year to employee severance indemnity (line B.1) is therefore recorded in the income statement (see table 10.1 below of the income statement "Personnel expenses") net of transfers to the defined contribution pension fund (Section B) included in line C.2.

Section 10 - Provisions for risks and charges - item 100

10.1 Provisions for risks and charges: breakdown

Items/Components	Total 31/12/2022	Total 31/12/2021
1. Provisions for credit risk relating to commitments and financial guarantees issued	15,245	8,623
2. Provisions for other commitments and other guarantees issued	-	-
3. Company pension funds	42,256	46,170
4. Other provisions for risks and charges	44,366	12,893
4.1 legal and tax disputes	4,361	1,906
4.2 personnel expenses	28,858	5,382
4.3 other	11,147	5,605
Total	101,866	67,687

The balance of the item "Company pension funds" refers to the amounts of the internal supplementary pension fund, as regards the defined benefit portion. In this respect, see paragraph 10.5 below.
The "Provision for legal disputes" includes the allocations for any possible lawsuits against the Bank.
To this end, it should be noted that, with reference to the claims for compensation for damages made by third parties against Raetia SGR S.p.A. in liquidation, and in the alternative to the Bank as the claimant responsible for the management and coordination activities exercised against the same SGR, allocations were made in the presence of events deemed possible, but with an amount that cannot be reliably estimated, based on legal opinions obtained from the subsidiary.
The "Provision for personnel expenses" includes the allocation for the seniority bonus to personnel, a lump-sum allocation for the productivity bonus under the national labour agreement and, to a residual extent, deferred charges to be paid to personnel. In addition to these items, following the agreement signed with the trade unions relating to the solidarity fund on 27 December 2022, the "slip" manoeuvre, an amount equal to Euro 18.5 million was allocated, consisting of Euro 12.2 million for Parent Bank's employees who will accrue the right to a pension in the 2023-2028 period and who will leave their jobs earlier than the retirement age and Euro 6.3 million for the employees of Banca di Cividale.
Among the other provisions, the "Operational risks for financial brokerage" provision amounts to Euro 8,043 thousand. This amount includes:

- Euro 1,953 thousand, corresponding to the amount of money owned by the Bank and being processed at the vault of the company Northeast Services, subject to temporary seizure as part of the bankruptcy proceedings of the same company;
- an amount equal to Euro 274 thousand, against possible future legal expenses deriving from proceedings connected with financial intermediation activities;
- an overall amount of Euro 1,476 thousand for complaints and summons from shareholders who had subscribed to the capital increases of the Bank in 2008 and 2012. This amount partly represents the residual amount after Cassa di Risparmio di Bolzano settled in 2021 and 2022 an amount of Euro 2,859 thousand and Euro 145 thousand, respectively, following two agreements concluded with some consumer associations at the end of the claims relating to the 2008 capital increase, and in part from a further provision of Euro 720 thousand, allocated in October 2022, against residual settlement agreements that may be defined during 2023.

Again with reference to the Provision for "Operational risks for financial brokerage", the following was set aside:

- an amount of Euro 89 thousand, against possible complaints and/or lawsuits related to the "Lexitor ruling", estimated on the basis of the early repayments of consumer loans in the period 2013-2022, for which the expenses relating to the period when they no longer used the loan could have been repaid to subscribers;
- an amount of Euro 251 thousand, linked to the completed transparency inspection; the amount of reimbursements to be paid to customers has already been defined in the last few months of 2022, but will be credited in the first quarter of 2023.

The other provisions include, for Euro 2.2 million, the estimate of possible liabilities relating to the sale of the investee Civiesco, as well as possible future liabilities relating to distribution agreements and other liabilities of an insignificant amount.
Finally, it should be noted that this provision also includes an amount equal to Euro 4,000 thousand related to the risks of higher charges that could occur in relation to the significant real estate development activities that Sparim is carrying out on some real estate complexes purchased for development and subsequent sale purposes.

10.2 Provisions for risks and charges: annual changes

	Provisions for other commitments and other guarantees issued	Pension funds	Other provisions for risks and charges	Total
A. Opening balance	8,623	46,170	12,893	67,687
B. Increases	6,622	4,363	37,920	48,904
B.1 Allocation for the year	3,084	46	34,072	37,203
B.2 Changes due to the passage of time	-	-	-	-
B.3 Changes due to changes in the discount rate	-	-	-	-
B.4 Other changes	3,537	4,316	3,848	11,701
- of which business combinations	3,537	-	3,848	7,385
C. Decreases	-	8,277	6,448	14,725
C.1 Use during the year	-	4,110	5,774	9,884
C.2 Changes due to changes in the discount rate	-	-	-	-
C.3 Other changes	-	4,166	674	4,840
- of which business combinations	-	-	-	-
D. Closing balance	15,245	42,256	44,366	101,866

This table shows the provisions for risks and charges allocated by the subsidiary CiviBank at the acquisition date (30 June 2022) under point "B.4 Other changes - of which business combinations", while the remaining allocations and uses of the second half of 2022 are shown in the corresponding dedicated items.
With the introduction of the IFRS 9 accounting standard, effective 01.01.2018, the guarantee margins and endorsement loans were also subject to allocation.

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

	Provisions for credit risk relating to commitments and financial guarantees issued				
	First stage	Second stage	Third stage	Purchased or originated impaired	Total
Commitments to disburse funds	473	1,554	-	-	2,027
Financial guarantees issued	442	345	9,565	2,866	13,218
Total	915	1,899	9,565	2,866	15,245

10.5 Company's defined benefit pension funds

10.5.1 Explanation of the characteristics of the funds and related risks

The defined benefit pension fund consists of two sections (Sections A and A1), both in the disbursement phase, which guarantee to retired members a supplementary treatment of the gross benefits provided by INPS.
As from 1 April 2003, a separate asset was set up in debt securities and UCITS for the investment of the liquidity generated by the fund. The positions of the members are managed in individual accounts in the name of the single members.
In relation to the incorporation, in 1999, of Credito Fondiario Bolzano S.p.A., an additional defined benefit fund was added to the internal fund regarding the retired employees of the former Credito Fondiario Trentino-Alto Adige S.p.A., which guarantees to the same, for the portion pertaining to Cassa di Risparmio di Bolzano (50%), a supplementary treatment of the mandatory pension.
For both funds, the liability deriving from the benefits due to the members of the funds is measured on the basis of an independent actuarial appraisal in order to determine the technical provisions to be allocated to cover future pension benefits.

10.5.2 Changes during the year in net defined benefit liabilities (assets) and reimbursement rights

	Pension Fund Sec. A/A1	Pension Fund Former Credito Fondiario Bolzano	Total
Balance at 31/12/2021	45,590	580	46,170
Revenues	-	-	-
Allocation of gross return on investment	-	-	-
Adjustment of expected/actual return difference	-	-	-
Adjustment of actuarial estimates	4,316	-	4,316
Acquisition from other funds	-	-	-
Other revenues	706	46	752
Total revenues	5,022	46	5,068
Expenses			
Pensions paid	(4,030)	(81)	(4,110)
Allocation of gross investment loss	(4,680)	-	(4,680)
Adjustment of expected/actual return difference	-	-	-
Adjustment of actuarial estimates	(192)	-	(192)
Other expenses	-	-	-
Total expenses	(8,902)	(81)	(8,983)
Balance at 31/12/2022	41,710	545	42,256

10.5.3 Information on the fair value of plan assets

The table below shows the changes in the exercise of the plan assets; the financial assets constituting "plan assets" present in the portfolio of the Pension Fund (Sections A and A1) are all included in levels 1 and 2 of the fair value hierarchy, since these are securities contributed for IAS purposes.

	Debt securities	UCITS units	Total
Opening balance	30,549	17,773	48,322
B. Increases	22,496	-	22,496
B.1 Purchases	22,388	-	22,388
B.2 Positive changes in fair value	-	-	-
B.3 Other changes	108	-	108
C. Decreases	(32,519)	(1,644)	(34,163)
C.1 Sales	(28,614)	-	(28,614)
C.2 Refunds	(100)	-	(100)
C.3 Negative changes in fair value	(2,088)	(1,644)	(3,732)
C.4 Other changes	(1,717)	-	(1,717)
D. Closing balance	20,526	16,129	36,654

The financial statements include assets and liabilities referring to the defined benefit pension fund (Sections A and A1), which can be summarised as follows:

	31/12/2022
Assets	
Investments in securities	36,654
Investments in liquidity	226
Adjustment for actuarial estimates	-
Tax credit	706
Total Assets	37,587
Liabilities	
Pension Fund	37,587
Payables to tax authorities for substitute tax	-
Other liabilities of financial management	-
Total Liabilities	37,587

10.5.4 Description of the main actuarial assumptions

The actuarial valuation of the Mathematical Reserve of the Pension Fund (Sections A and A1) was carried out by adopting the following demographic and economic-financial assumptions:

a) Demographic assumptions: for the probabilities of death, those relating to the Italian population as measured by ISTAT, broken down by gender;

b) Economic and financial assumptions: the valuations are made on the basis of the following assumptions:

- technical nominal discount rate 0.75%
- prospective inflation rate 1.00%

It should be noted that as from 30 June 2022 and also for the accruals at 31 December 2022, the discount rate applied is 0.75% compared to 0.50% used in the previous year.

10.6 Provisions for risks and charges - other provisions

	31/12/2022	31/12/2021
Legal disputes		
Foreseeable liabilities, determined analytically and with the support of the Group's lawyers, in respect of pending judicial and out-of-court actions in which the Group is a taxable person	3,852	1,522
Indemnity in lieu of notice	62	47
Hedging of risks deriving from revocation actions	447	338
Total Provisions for legal disputes	4,361	1,907
Personnel expenses		
"Deferred charges" to be paid to Personnel in the next year	9,211	4,236
Charges relating to staff seniority bonus	1,084	1,145
Charges related to the "slip manoeuvre"	18,563	-
Total Provisions for personnel expenses	28,858	5,381
Other		
Operational risks related to financial brokerage activities carried out by the Bank	10,659	5,116
Coverage of the risk of death/disability of members of the Pension Fund Section B	300	300
Commitments to Equitalia S.p.A. (Article 11 Sale agreement)	189	189
Total "Sundry" provisions	11,147	5,605
Total Other Provisions	44,366	12,893

The amounts allocated were not discounted as the time element of the financial regulation is either not significant or the date of commitment of the resources cannot be reliably estimated.

Section 13 - Shareholders' equity - Items 120, 130, 140, 150, 160, 170 and 180

For information on the qualitative nature and composition of the Group's equity, please refer to the following "Information on consolidated shareholders' equity".

13.1 "Share capital" and "Treasury shares": breakdown

The item "Share Capital" consists of no. 60,952,013 ordinary shares with a par value of Euro 7.70 each, broken down as follows:

no.	30,000,000	shares pertaining to the contribution made in 1992 (Law 218/90);
no.	2,500,000	shares relating to the share capital increase carried out in 1994;
no.	3,500,000	shares deriving from the conversion of the bond issued in 1994, fully subscribed in 1997 by the Bayerische Landesbank of Munich;
no.	4,500,000	shares relating to the capital increase carried out on 21 December 2012;
no.	20,452,013	shares relating to the capital increase carried out on 18 December 2015.

It should be noted that starting from 7 August 2015, in execution of the resolution passed by the Extraordinary Shareholders' Meeting of 28 April 2015, the split of the shares of Cassa di Risparmio S.p.A. was launched in a ratio of 1:10 (ten new shares for an old share). The allotment date for the new securities was set for 26 August 2015.

In connection with this split transaction, the number of shares of the first four transactions described above is multiplied by ten.

The nominal amount of Euro 7.70 derives from the share capital increase of Euro 79,200,000, resolved by the Shareholders' Meeting on 27 April 2012, through the use of reserves already established.

The item "Treasury shares", recorded as a reduction of Shareholders' Equity at 31 December 2022, consists of no. 958,222 ordinary shares of Cassa di Risparmio di Bolzano S.p.A. (carried at an average unit price of Euro 9.71).

On 22 September 2022, Cassa di Risparmio di Bolzano sent, in accordance with Articles 77 and 78 of Regulation (EU) no. 575/2013 CRR and Article 29 of Regulation (EU) no. 241/2014, a request to the Bank of Italy to amend (i) the ceiling reserved for the partial repurchase of instruments eligible for Common Equity Tier 1 capital and (ii) the ceiling relating to the repurchase of subordinated bonds. With a communication dated 24 October 2022, the Bank of Italy communicated the authorisation to modify the ceiling. Specifically, the Bank was authorised to partially repurchase treasury shares for an amount of Euro 12.5 million, from the Euro 10 million previously authorised (with provision dated 25 October 2021) and to the confirmation of the ceiling dedicated to the partial repurchase of Tier 2 bonds for Euro 0.5 million.

On the basis of these authorisations, in 2022 the Bank has repurchased 221,827 shares at an average price of Euro 9.42 each and resold 11,006 shares at an average unit price of 9.26 euros.

13.2 Share capital - Number of shares of the Parent Bank: annual changes

Items/Types	Ordinary	Other
A. Shares existing at the beginning of the year	60,204,612	-
- fully paid	60,952,013	-
- not fully paid	-	-
A.1 Treasury shares (-)	(747,401)	-
A.2 Shares outstanding: opening balance	60,204,612	-
B. Increases	11,006	-
B.1 New issues	-	-
- for a fee:	-	-
- conversion of bonds	-	-
- exercise of warrants	-	-
- other	-	-
- free of charge:	-	-
- in favour of employees	-	-
- in favour of the directors	-	-
- other	-	-
B.2 Sale of treasury shares	11,006	-
B.3 Other changes	-	-
C. Decreases	(221,827)	-
C.1 Cancellation	-	-
C.2 Purchase of treasury shares	(221,827)	-
C.3 Business units sales	-	-
C.4 Other changes	-	-
D. Shares outstanding: closing balance	61,910,235	-
D.1 Treasury shares (+)	(958,222)	-
D.2 Shares existing at the end of the year	60,952,013	-
- fully paid	60,952,013	-
- not fully paid	-	-

13.4 Profit reserves: other information

	31/12/2022	31/12/2021
1. Legal reserve	68,441	60,449
2. Extraordinary reserve	27,006	16,309
3. Reserve from contribution pursuant to Law 218/90	-	-
4. Reserve pursuant to Article 22 of Legislative Decree 153/99	-	-
5. Merger surplus reserve	13,917	13,917
6. Reserve for the purchase of treasury shares - committed portion	3,174	7,340
7. Reserve for the purchase of treasury shares - available portion	9,326	2,660
8. Reserves - other	60,471	31,303
Total	182,336	131,978

The item "Reserves - other" refers to the positive and negative reserves related to the effects of the transition to the IAS/IFRS International Accounting Standards. The change compared to the previous period is mainly due to the distribution of the profit for the previous year, not otherwise allocated. The entry into the Group of the subsidiary CiviBank, at 31 December 2022, did not have a significant impact on the Banking Group's profit reserves.

The reserves referred to in points 6 and 7 are established and used in accordance with the resolution of the Ordinary Shareholders' Meeting of 22 April 2022.

Section 14 - Shareholders' equity pertaining to minority interests - Item 190

14.1 Breakdown of item 190 "Shareholders' equity pertaining to minority interests"

	Total 31/12/2022	Total 31/12/2021
Equity investments in consolidated companies with significant minority interests		
1. Banca di Cividale S.p.A.	61,140	-
2. Fanes S.r.l.	12	12
3. SPK OBG S.r.l.	4	-
Other equity investments	-	-
Total	61,156	12

At 31 December 2022, shareholders' equity of minority interests saw the entry into the Cassa di Risparmio di Bolzano Group of the subsidiary Banca di Cividale, resulting in minority interests representing 20.9% of the shareholders' equity and amount to Euro 61.1 million.

Also starting from the 2022 financial year, the SPK OBG S.r.l. vehicle, in which minority interests hold a 40% share for a value of Euro 4 thousand, also joined the banking group.

As at the end of the previous year, the shareholders' equity of minority interests relating to that of the special purpose vehicle Fanes S.r.l. remains.

Other information

1. Commitments and financial guarantees issued other than those designated at fair value

	Nominal amount on commitments and financial guarantees issued				Total 31/12/2022	Total 31/12/2021
	First stage	Second stage	Third stage	Purchased or originated impaired		
1. Commitments to disburse funds	2,955,108	92,349	31,460	2,892	3,081,809	2,468,548
a) Central Banks	-	-	-	-	-	-
b) Public administrations	285,554	-	-	-	285,554	281,007
c) Banks	53,534	-	-	-	53,534	1,513
d) Other financial companies	123,962	9,847	-	-	133,809	82,918
e) Non-financial companies	2,255,300	76,780	31,017	2,383	2,365,480	1,910,523
f) Households	236,757	5,722	443	509	243,431	192,587
2. Financial guarantees issued	591,291	15,415	15,795	2,979	625,480	523,808
a) Central Banks	-	-	-	-	-	-
b) Public administrations	3,184	-	-	-	3,184	1,885
c) Banks	13,013	-	-	-	13,013	628
d) Other financial companies	14,158	297	-	-	14,455	8,580
e) Non-financial companies	528,456	12,930	15,468	2,885	559,739	480,677
f) Households	32,480	2,188	327	94	35,088	32,038

Guarantees issued and commitments to disburse funds, shown here net of value adjustments (Euro 15,236 thousand) include net impaired exposures amounting to Euro 40,613 thousand (see table A.1.5 in Section 1 of Part E "Information on risks and related hedging policies).

2. Other commitments and other guarantees issued

	Nominal amount	Nominal amount
	Total 31/12/2022	Total 31/12/2021
1. Other guarantees issued		
of which: impaired credit exposures	-	-
a) Central Banks	-	-
b) Public administrations	-	-
c) Banks	271	271
d) Other financial companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
2. Other commitments		
of which: impaired credit exposures	-	-
a) Central Banks	-	-
b) Public administrations	-	-
c) Banks	-	-
d) Other financial companies	-	-
e) Non-financial companies	-	-
f) Households	-	-

3. Assets pledged as collateral for own liabilities and commitments

Portfolios	Amount 31/12/2022	Amount 31/12/2021
1. Financial assets measured at fair value through profit or loss	37,081	48,322
2. Financial assets measured at fair value through other comprehensive income	297,956	340,246
3. Financial assets measured at amortised cost	5,697,492	3,047,929
4. Property, plant and equipment	-	-
of which: property, plant and equipment constituting inventories	-	-

The financial assets referred to in point 1. are recognised at their carrying amount and refer to the commitments related to the management of the separate assets in debt securities and UCITS units for the investment of the liquidity generated by the Pension Fund - Sections A-A1.

The financial assets referred to in points 2. and 3. are recorded at their carrying amount and committed as follows:

- for "pooling" transactions at the Bank of Italy for Euro 3,436.4 million;
- by way of additional guarantee against loans taken out with EIB for Euro 201.7 million;
- for classic repo transactions for Euro 1,047.9 million.

The following amounts are also included in point 3. "Financial assets measured at amortised cost":

- Euro 34,865 thousand relating to the residual debt of the loans to customers, granted on the basis of the agreement entered into with the European Investment Bank (EIB), assigned with recourse to the EIB to guarantee the borrowings contracted by the Bank with the latter;
- Euro 23,559 thousand relating to the residual debt of the loans to customers, disbursed on the basis of the agreement stipulated with Cassa Depositi e Prestiti (CDP), assigned with recourse to the CDP to guarantee the borrowings contracted by the Bank with the latter;
- Euro 1,681.9 million referring to Abaco receivables.

Note also the presence of other assets, which are not recorded in the balance sheet assets, used as collateral to guarantee loans received from the European Central Bank, represented by ABS (Asset Backed Security) securities for a nominal amount of Euro 736.8 million deriving from two self-securitisation transactions carried out by the Parent Bank in 2018 and 2020 respectively, and a self-securitisation transaction of the subsidiary CiviBank (for Euro 178.8 million).

5. Management and brokerage on behalf of third parties

Type of services	Amount
1. Fulfilment of orders on behalf of customers	1,442,473
a) purchases	895,980
1. settled	894,350
2. unsettled	1,630
b) sales	546,493
1. settled	545,711
2. unsettled	782
2. Portfolio management	228,910
a) individual	228,910
b) collective	-
3. Custody and administration of securities	11,175,918
a) third-party securities on deposit: related to the performance of custodian bank (excluding portfolio management)	-
1. securities issued by the companies included in the scope of consolidation	-
2. other securities	-
b) third-party securities on deposit (excluding portfolio management): others	2,460,933
1. securities issued by the companies included in the scope of consolidation	564,432
2. other securities	1,896,501
c) third-party securities deposited with third parties	2,432,335
d) own securities deposited with third parties	8,714,985
4. Other transactions	-

With reference to the data included in the table, the following is specified:

- trading of financial instruments on behalf of third parties: unsettled "purchases" and "sales" consist of purchase/sale contracts for which financial settlement has not yet been enacted at the end of the year;
- asset management: the total amount, at market values, of the assets managed on behalf of other parties is here indicated;
- custody and administration of securities: securities subject to custody and administration contracts are recognised at their nominal amount.

Part C - Information on the consolidated income statement

Part C - Information on the Consolidated Income Statement

Section 1 - Interest - Items 10 and 20

1.1 Interest income and similar revenues: breakdown

Items/Technical forms	Debt securities	Loans	Other transactions	Total 31/12/2022	Total 31/12/2021
1. Financial assets measured at fair value through profit or loss:	1,185	26	103	1,313	4,508
1.1 Financial assets held for trading	51	-	103	154	311
1.2 Financial assets designated at fair value	-	-	-	-	-
1.3 Other financial assets mandatorily measured at fair value	1,134	26	-	1,160	4,197
2. Financial assets measured at fair value through other comprehensive income	(680)	-	X	(680)	(574)
3. Financial assets measured at amortised cost:	92,488	185,124	-	277,611	141,789
3.1 Loans to banks	1,383	658	X	2,041	1,050
3.2 Loans to customers	91,105	184,465	X	275,570	140,739
4. Hedging derivatives	X	X	-	-	-
5. Other assets	X	X	6,499	6,499	280
6. Financial liabilities	X	X	X	9,227	18,307
Total	92,993	185,149	6,602	293,971	164,310
of which: interest income on impaired financial assets	-	11,012	-	11,012	8,455
of which: interest income on financial leases	X	5,137	X	5,137	-

The amount of Euro 103 thousand in item 1. "Other transactions" refers to the difference between asset and liability differentials generated by the financial derivatives described in Table 2.1 of Assets and 2.1 of Liabilities.
Point 5. "Other assets" includes, inter alia, the interest income accrued on demand deposits with the Bank of Italy ("deposit facility") for an amount of Euro 1,464 thousand on deposits opened by Cassa di Risparmio di Bolzano and of Euro 1,727 thousand on the deposits opened by CiviBank, as well as the interest accrued according to the amortised cost method applied to the eco- and earthquake-bonus tax receivables purchased (for an amount of Euro 2,369 thousand for the receivables purchased by Cassa di Risparmio di Bolzano and an additional Euro 880 thousand for those purchased by CiviBank).
The amount under item "6. Financial liabilities" refers to the accrued interest recorded with reference to the refinancing transactions of the TLTRO-III type, for Euro 7,539 thousand, and to interest income on classic repos stipulated by the Bank on the MTS platform for Euro 1,688 thousand.

1.2 Interest income and similar revenues: other information

1.2.1 Interest income on financial assets in foreign currency

	Total 31/12/2022	Total 31/12/2021
Interest income on financial assets in foreign currency	388	125

The figure of interest income on assets in foreign currency is due in full to interest on current accounts in foreign currency and advances in foreign currency.

1.3 Interest expense and similar charges: breakdown

Items/Technical forms	Payables	Securities	Other transactions	Total 31/12/2022	Total 31/12/2021
1. Financial liabilities measured at amortised cost	(17,295)	(4,699)	X	(21,994)	(10,899)
1.1 Due to central banks	-	X	X	-	-
1.2 Due to banks	(1,647)	X	X	(1,647)	(457)
1.3 Due to customers	(15,649)	X	X	(15,649)	(6,925)
1.4 Securities issued	X	(4,699)	X	(4,699)	(3,517)
2. Financial liabilities held for trading	-	-	-	-	-
3 Financial liabilities designated at fair value	-	(189)	-	(189)	(559)
4. Other liabilities and provisions	X	X	(3,826)	(3,826)	-
5. Hedging derivatives	X	X	(810)	(810)	(1,360)
6. Financial assets	X	X	X	(752)	(2,129)
Total	(17,295)	(4,888)	(4,636)	(27,571)	(14,947)
of which: interest expense on lease payables	(497)	X	X	(497)	(351)

The amount shown in point "5. Hedging derivatives" represent the imbalance between receivables and payables on derivative contracts entered into to hedge against interest rate risk.
With effect from 1 January 2019 following the adoption of the IFRS 16 accounting standard relating to leases, this table shows separately the interest expense relating to the payables recorded in the liabilities as a counter-entry to the rights of use acquired with the lease.

1.4 Interest expense and similar charges: other information

1.4.1 Interest expense on liabilities in foreign currency

	Total 31/12/2022	Total 31/12/2021
Interest expense on liabilities in foreign currency	68	(40)

The figure for interest expense on liabilities in foreign currency is attributable to interest paid on customer accounts and relations with banks.

1.5 Spreads relating to hedging transactions

Items	Total 31/12/2022	Total 31/12/2021
A. Positive spreads relating to hedging transactions	3,774	2,477
B. Negative spreads relating to hedging transactions	(4,470)	(3,837)
C. Balance (A-B)	(696)	(1,360)

As of 2020, this table shows the spreads related to IRS contracts entered into to hedge the interest rate risk of a portfolio of fixed-rate mortgages.

Section 2 - Commissions - Items 40 and 50

2.1 Fee and commission income: breakdown

Type of services/Values	Total 31/12/2022	Total 31/12/2021
a) Financial instruments	24,071	20,176
1. Placement of securities	2,811	-
1.1 With underwriting commitment and/or on the basis of an irrevocable commitment	2,811	-
1.2 Without irrevocable commitment	-	-
2. Reception and transmission of orders and execution of orders on behalf of clients	1,676	1,320
2.1 Reception and transmission of orders for one or more financial instruments	1,563	1,320
2.2 Fulfilment of orders on behalf of customers	113	-
3. Other commissions referring to activities related to financial instruments	19,584	18,856
of which: trading on own account	18,586	18,856
of which: individual portfolio management	998	-
b) Corporate Finance	-	-
1. Advisory services on Mergers and Acquisitions	-	-
2. Treasury services	-	-
3. Other commissions associated with corporate finance services	-	-
c) Investment advisory activities	2,760	1,932
d) Clearing and settlement	1	-
e) Collective portfolio management	-	-
f) Custody and administration	428	336
1. Custodian bank	-	-
2. Other fees related to custody and administration activities	428	336
g) Central administrative services for collective portfolio management	-	-
h) Fiduciary activity	-	-
i) Payment services	20,871	11,213
1. Current accounts	4,550	338
2. Credit cards	637	605
3. Debit and other payment cards	6,001	6,190
4. Wire transfers and other payment orders	2,580	1,203
5. Other fees related to payment services	7,104	2,877
j) Distribution of third-party services	22,709	19,290
1. Collective portfolio management	-	-
2. Insurance products	17,985	15,318
3. Other products	4,724	3,972
of which: individual portfolio management	-	-
k) Structured finance	4,572	3,562
l) Servicing activities for securitisation transactions	-	-
m) Commitments to disburse funds	10,869	10,975
n) Financial guarantees issued	5,822	4,936
of which: credit derivatives	-	-
o) Financing operations	3,527	649
of which: for factoring transactions	-	-
p) Trading in foreign currencies	1,049	729
q) Goods	-	-
r) Other commission income	26,332	23,860
of which: for the management of multilateral trading systems	-	-
of which: for the management of organised trading systems	-	-
Total	123,012	97,658

The tables relating to the details of the income from services, commission income and commission expense, have been entirely revised with the seventh update of Bank of Italy Circular no. 262 "The bank financial statements: formats and rules for preparation" dated 29 October 2021, with a view to realigning the financial statement disclosures to that of FINREP.

The item commission income recorded an overall increase of Euro 25.4 million, equal to +26.0%; this increase is attributable for Euro 24.4 million to the contribution made by the subsidiary CiviBank starting from the second half of 2022, or after the acquisition transaction completed on 30 June 2022.

In detail, after the launch in 2021 by the Parent Bank of a new platform dedicated to investments, commission income was collected for investment consultancy activities, for an amount of Euro 2.8 million against Euro 1.9 million in the previous year. The remaining types of commissions are absolutely in line with the values of the previous year, confirming the effectiveness of the consultancy activity undertaken. There was only a slight decrease in fee and commission income linked to payment services (Euro -1.4 million), more than offset by activities linked to corporate finance (Euro +1.0 million) and the distribution of third-party services (Euro +0.7 million)
With reference to the disclosure pursuant to IFRS 7, paragraph 20, letter c (i), there is no income arising from financial assets or liabilities not designated at fair value through profit or loss.

2.2 Fee and commission expense: breakdown

Type of services/Values	Total 31/12/2022	Total 31/12/2021
a) Financial instruments	(749)	(333)
of which: trading in financial instruments	(749)	(333)
of which: placement of financial instruments	-	-
of which: individual portfolio management	-	-
- Own	-	-
- Delegated to third parties	-	-
b) Clearing and settlement	(24)	-
c) Collective portfolio management	-	-
1. Own	-	-
2. Delegated to third parties	-	-
d) Custody and administration	(443)	(403)
e) Collection and payment services	(5,087)	(2,276)
of which: credit cards, debit cards and other payment cards	(2,551)	(1)
f) Servicing activities for securitisation transactions	-	-
g) Commitments to receive funds	-	-
h) Financial guarantees received	(630)	(71)
of which: credit derivatives	-	-
i) Off-site selling of financial instruments, products and services	-	-
j) Trading in foreign currencies	-	-
k) Fee and commission expense	(1,213)	(574)
Total	(8,146)	(3,657)

"Fee and commission expense" was impacted for Euro 3.6 million by the contribution of the subsidiary CiviBank which, as previously specified, became part of the Cassa di Risparmio di Bolzano Banking Group with effect from 30 June 2022. Net of this contribution, there is an increase compared to the previous year of approximately Euro 0.9 million, due to a significant extent to commission expense paid by the Parent Bank for financial guarantees received (Euro +448 thousand) issued by the Ministry of Economic Development to guarantee the loans granted by the Bank to SMEs. There was a significant increase (Euro +338 thousand) in the item of commission expense for the trading of financial instruments, which is entirely attributable to the costs linked to the full takeover bid launched by the Bank on the shares and warrants of Banca di Cividale.

With reference to the disclosure pursuant to IFRS 7, paragraph 20, letter c (i), there are no expenses arising from financial assets or liabilities not designated at fair value through profit or loss.

Section 3 - Dividends and similar income - Item 70

3.1 Dividends and similar income: breakdown

Items/Income	Total 31/12/2022		Total 31/12/2021	
	Dividends	Similar income	Dividends	Similar income
A. Financial assets held for trading	4	-	-	-
B. Other financial assets mandatorily measured at fair value	899	1,174	-	164
C. Financial assets measured at fair value through other comprehensive income	1,076	-	673	-
D. Equity investments	-	-	-	-
Total	1,979	1,174	673	164

The amount of the dividend under item B. "Financial assets mandatorily measured at fair value" corresponds to the dividend paid on the Banca di Cividale shareholding held by the Parent Bank, before the acquisition of the related control, and therefore not subject to elimination in the consolidated financial statements. Under the same Financial assets mandatorily measured at fair value, "similar income" includes the contribution, for an amount of Euro 1,006 thousand, of the dividends paid by the UCITS units in the portfolio to the subsidiary CiviBank.
The item "Financial assets measured at fair value through other comprehensive income" includes dividends received on minority interests managed under the "Equity fair value option". The item includes the dividend paid by the Bank of Italy for Euro 427 thousand and that collected from Mediocredito Trentino Alto Adige for Euro 254 thousand.
This item also includes dividends collected on equity securities, other than minority investments, for which the Bank has exercised the equity OCI option; in 2022, these dividends amounted to Euro 138 thousand for the sole portion relative to Cassa di Risparmio di Bolzano.

Section 4 - Net profit (loss) from trading - Item 80

4.1 Net profit (loss) from trading: breakdown

Transactions/Income components	Capital gains (A)	Trading profits (B)	Capital losses (C)	Trading losses (D)	Net result [(A+B) - (C+D)]
1. Financial assets held for trading	1,077	135	(47)	(123)	1,042
1.1 Debt securities	-	96	(156)	(23)	(83)
1.2 Equity securities	1,077	37	108	(106)	1,117
1.3 UCITS units	-	1	-	6	8
1.4 Loans	-	-	-	-	-
1.5 Other	-	-	-	-	-
2. Financial liabilities held for trading	-	-	-	-	-
2.1 Debt securities	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
3. Financial assets and liabilities: exchange rate differences	X	X	X	X	1,032
4. Derivative instruments	2,381	2,269	3	(2,323)	2,824
4.1 Financial derivatives:	2,381	2,269	3	(2,323)	2,824
- On debt securities and interest rates	1,918	478	3	(512)	1,886
- On equity securities and equity indices	463	1,792	-	(1,811)	444
- On currencies and gold	X	X	X	X	494
- Other	-	-	-	-	-
4.2 Credit derivatives	-	-	-	-	-
of which: natural hedges related to the fair value option	X	X	X	X	-
Total	3,458	2,404	(44)	(2,446)	4,898

The amount relating to item 1.2 Equity securities of financial assets held for trading refers entirely to the revaluation carried out on 31 December 2022 of the minority interest held by the Parent Bank in Satispay S.p.A.
The item "Financial derivatives" includes the economic results of derivatives listed on regulated markets and included in the trading activities of the Parent Bank.
The contribution of the subsidiary CiviBank to the net profit (loss) from trading was not particularly significant, amounting to Euro +375 thousand.

Section 5 - Net profit (loss) from hedging - Item 90

5.1 Net profit (loss) from hedging: breakdown

Income components/Values	Total 31/12/2022	Total 31/12/2021
A. Income relating to:		
A.1 Fair value hedging derivatives	55,462	10,244
A.2 Hedged financial assets (fair value)	-	1
A.3 Hedged financial liabilities (fair value)	-	-
A.4 Cash flow hedging derivatives	-	-
A.5 Assets and liabilities in foreign currency	-	-
Total income from hedging (A)	55,462	10,245
B. Charges relating to:		
B.1 Fair value hedging derivatives	-	(1)
B.2 Hedged financial assets (fair value)	(53,952)	(9,459)
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Cash flow hedging derivatives	-	-
B.5 Assets and liabilities in foreign currency	-	-
Total hedging charges (B)	(53,952)	(9,460)
C. Net profit (loss) from hedging (A - B)	1,510	785
of which: result of hedges on net positions	-	-

This table shows the changes in fair value deriving from the hedging of interest rate risk as part of fair value hedging transactions.

As required by international accounting standards (IAS 39), this item reports changes in the fair value of hedging instruments and hedged items that are within the effectiveness corridor set out by IAS 39 (80-125%).

For the results of the effectiveness tests, please refer to table 5.2 of Part B (Information on the Balance Sheet - Assets).

Section 6 - Profits (losses) on disposal/repurchase - Item 100

6.1 Profits(losses) on disposal/repurchase: breakdown

Items/Income components	Total 31/12/2022			Total 31/12/2021		
	Profits	Losses	Net result	Profits	Losses	Net result
Financial assets						
1. Financial assets measured at amortised cost	6,878	(5,087)	1,791	28,446	(18)	28,428
1.1 Loans to banks	-	-	-	-	-	-
1.2 Loans to customers	6,878	(5,087)	1,791	28,446	(18)	28,428
2. Financial assets measured at fair value through other comprehensive income	46	(2,156)	(2,110)	620	(128)	492
2.1 Debt securities	46	(2,156)	(2,110)	620	(128)	492
2.2 Loans	-	-	-	-	-	-
Total assets (A)	6,924	(7,242)	(318)	29,066	(146)	28,920
Financial liabilities measured at amortised cost	-	-	-	-	-	-
1. Due to banks	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	23	(9)	14	-	(4)	(4)
Total Liabilities (B)	23	(9)	14	-	(4)	(4)

The net result recorded under the item "Financial assets measured at amortised cost" is attributable to some individual transactions for the sale of non-performing loans and the maturity of some debt securities of the "held to collect" portfolio. The net result of "Financial assets measured at fair value through other comprehensive income" is generated by some sales of fixed-rate government securities.

The economic figure relating to "Financial liabilities" shows a reduced slightly positive result, due to the repurchases on the secondary market of bond issues of the Parent Bank and the subsidiary CiviBank.

Section 7 - Net income of financial assets and liabilities measured at fair value through profit or loss - item 110

7.1 Net change in value of other financial assets/liabilities measured at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

Transactions/Income components	Capital gains (A)	Gains on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net result [(A+B) - (C+D)] 31/12/2022
1. Financial assets	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-
1.2 Loans	-	-	-	-	-
2. Financial liabilities	-	198	-	-	198
2.1 Securities issued	-	198	-	-	198
2.2 Due to banks	-	-	-	-	-
2.3 Due to customers	-	-	-	-	-
3. Financial assets and liabilities in foreign currency: exchange rate differences	X	X	X	X	-
Total	-	198	-	-	198

The table shows in detail the impact on the income statement of gains and losses from realisation and\or repayment of financial liabilities classified under the fair value options, as well as valuation gains and losses; the impact of valuations of derivatives related to the fair value option on liabilities is instead shown in item 80 of the income statement. The amount shown in the column of realised gains is entirely attributable to the repayment due to the end of the loan of the only bond issue still outstanding at the end of the previous year.

7.2 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

Transactions/Income components	Capital gains (A)	Gains on disposal (B)	Capital losses (C)	Losses on disposal (D)	Net result [(A+B) - (C+D)]
1. Financial assets	1,203	5,530	(12,628)	(485)	(6,379)
1.1 Debt securities	107	-	(616)	(469)	(978)
1.2 Equity securities	-	5,530	-	-	5,530
1.3 UCITS units	1,096	-	(12,012)	(16)	(10,931)
1.4 Loans	-	-	-	-	-
2. Financial assets: exchange rate differences	X	X	X	X	-
Total	1,203	5,530	(12,628)	(485)	(6,379)

This table shows the impacts on the income statement of financial assets mandatorily measured at fair value, i.e. those assets that, on the basis of the rules set forth in IFRS 9, do not pass the SPPI test as from 1 January 2018, i.e. they cannot be included in a business model at amortised cost or measured at fair value through other comprehensive income.
From the 2019 financial year, on the basis of the provisions contained in the regulation of the Augusto closed-end real estate fund, the Parent Bank decided to proceed with a further write-down of the class C units in accordance with the provisions of the Fund's regulation, which provides for a privilege at the time of liquidation in favour of the class A units in the event of failure to achieve a minimum target return of the latter. In view of the Fund's current performance and future forecasts, this return will (almost certainly) not be achieved; it was therefore decided to maintain the value of the C units, limited to the unit that will be recognised in proportion to the A units held by the Bank. In

addition, it should be noted that starting from 2021, a liquidity discount was applied to the units of the Augusto fund, equal to 20% of the NAV resulting from the last Management Report available at 31 December 2022, in anticipation of the expiry of the closed-end real estate fund's mandate, recording a capital loss of an additional Euro 1,023 thousand at the end of the year. The remaining portion of the capital losses shown in point 1.3 UCITS units is linked to the negative performance of the units of mutual funds held in the portfolio.

Section 8 - Net value adjustments/write-backs for credit risk - Item 130

8.1 Net value adjustments for credit risk relating to financial assets measured at amortised cost: breakdown

Transactions/Income components	Value adjustments (1)						Write-backs (2)				Total	Total
	First stage	Second stage	Third stage		Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired	31/12/2022	31/12/2021
			Write-offs	Other	Write-offs	Other						
A. Loans to banks	(149)	-	-	-	-	-	23	-	-	-	(126)	(7)
- Loans	(37)	-	-	-	-	-	23	-	-	-	(14)	(13)
- Debt securities	(112)	-	-	-	-	-	-	-	-	-	(112)	6
B. Loans to customers	(10,106)	(13,744)	(1,683)	(59,023)	-	(380)	1,281	277	36,350	4,262	(42,765)	(12,618)
- Loans	(8,773)	(13,545)	(1,683)	(59,023)	-	(380)	1,212	277	36,350	4,262	(41,303)	(12,882)
- Debt securities	(1,333)	(199)	-	-	-	-	69	-	-	-	(1,462)	264
Total	(10,255)	(13,744)	(1,683)	(59,023)	-	(380)	1,303	277	36,350	4,262	(42,892)	(12,625)

The allocations on loans of the period, together with the precise credit risk hedging policy that the Parent Bank has been pursuing for several years now, made it possible to ensure constant monitoring of non-performing loans, and has allowed all coverage ratios to remain in line with the excellent ones achieved in the previous year. This credit risk hedging policy was also applied to the newly-entered Banca di Cividale, consolidated starting from the second half of 2022.
Following the entry into the Group of the subsidiary CiviBank, the coverage rates values of non-performing loans are impacted by the effects linked to the "Purchase price allocation", i.e. the fact that the financial assets acquired with control of the bank were recognised at their fair value at the acquisition date. Therefore, in the calculation of the ratios, the non-performing loans of CiviBank no longer separate the component of the adjustment provisions with respect to the gross exposure, but has a "net present value" at the reporting date.
Given the above, and taking into account the penalisation of the ratios affected by the representation of the anomalous loan not at gross value and relative adjustment, but directly at the net value, the coverage rate on the total anomalous loan is 47.5% (against 67.3% at the end of 2021); the coverage of loans classified as "unlikely to pay" was 42.7% (61.5% at 31.12.2021) and that of bad loans 68.0% (86.0% at 31.12.2021). The coverage rate on the performing loan portfolio is 0.48%.
For information purposes, if the calculation of the coverage ratios at consolidated level is not based on the receivables' "net present value", but follows the actual adjustment provisions on the same exposures of the subsidiary CiviBank, i.e. if they are calculated as the sum of the two individual ones, the values would be as follows: coverage of non-performing loans at 58.1%, coverage of unlikely to pay at 50.2% and coverage of bad loans at 79.5%, therefore, significantly higher than the previous version.
To be noted is also that following the adoption of the IFRS 9 accounting standard and related adjustments to the financial statements included in the 5th update of Bank of Italy Circular no. 262, this item no longer includes the write-downs of interest on non-performing loans, interest that is calculated and recognised on the net value of the loan. From 1 January 2018, the interest from the release of the discounting component on the non-performing portfolio is also recognised under Item 10 "Interest income and similar revenues".
The valuation of loans is in line with the valuation method (policy) approved by the Board of Directors. The timely monitoring allowed an in-depth analysis of the existing portfolio, which allowed to continue the process of careful assessment and classification of positions with initial signs of impairment.
Portfolio value adjustments or write-backs are shown for imbalance with reference to the entire portfolio of performing loans.

Please note that, with reference to the calculation of expected losses on performing cash loans, as from 31 December 2019, the Parent Bank has adopted, pending the validation of the model by the Supervisory Authority, the AIRB bank specific parameters.

8.1a Net value adjustments for credit risk relating to loans measured at amortised cost subject to COVID-19 support measures: breakdown

Transactions/Income components	Net value adjustments						Total	Total
	First stage	Second stage	Third stage		Purchased or originated impaired		31/12/2022	31/12/2021
			Write-offs	Other	Write-offs	Other		
1. Loans subject to forbearances compliant with GL	-	224	-	13	-	-	237	(807)
2. Loans subject to moratorium measures in place no longer compliant with GL and not assessed as subject to forbearances	1,668	5,299	-	3,322	-	-	10,289	-
3. Loans subject to other forbearance measures	-	482	-	(484)	-	-	(2)	(11,645)
4. New loans	236	1,097	-	(393)	-	-	939	(224)
Total	1,904	7,102	-	2,458	-	-	11,463	(12,676)

This table, included as a supplement to the provisions of Circular no. 262 "The bank financial statements", as per the communication of 15.12.2020 by the Bank of Italy, aims to provide information on the effects that COVID-19 and the measures to support the economy have produced on the economic and financial position of banks.
The table shows the details of the net value adjustments for loans subject to "moratoria" or other forbearance measures in place at 31 December 2022, or which constitute new liquidity granted through public guarantee mechanisms.

8.2 Net value adjustments for credit risk relating to financial assets measured at fair value through other comprehensive income: breakdown

Transactions/Income components	Value adjustments (1)						Write-backs (2)				Total	Total
	First stage	Second stage	Third stage		Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired	31/12/2022	31/12/2021
			Write-offs	Other	Write-offs	Other						
A. Debt securities	(261)	-	-	-	-	-	27	-	-	-	(234)	(55)
B. Loans	-	-	-	-	-	-	-	-	-	-	-	-
- To customers	-	-	-	-	-	-	-	-	-	-	-	-
- To banks	-	-	-	-	-	-	-	-	-	-	-	-
Total	(261)	-	-	-	-	-	27	-	-	-	(234)	(55)

The table shows the value adjustments/write-backs for credit risk, or impairment as defined by IFRS 9, on financial assets classified in the fair value portfolio through other comprehensive income.
All debt securities in the portfolio of the Group at 31 December 2022 are included in the first and second stage.

8.2a Net value adjustments for credit risk relating to loans measured at fair value through other comprehensive income subject to COVID-19 support measures: breakdown

In the absence of loans measured at fair value through other comprehensive income subject to COVID-19 support measures, this table is not valued.

SECTION 9 - GAINS (LOSSES) FROM CONTRACTUAL AMENDMENTS WITHOUT CANCELLATIONS - ITEM 140

9.1 Gains (losses) from contractual amendments: breakdown

The renegotiations of financial instruments that result in a change in the contractual conditions are accounted for based on the significance of the contractual amendment itself.

In particular, in the case of renegotiations considered insignificant, the gross amount is determined again by calculating the current value of the cash flows resulting from the renegotiation, at the original rate of the exposure. The difference between the gross amount of the financial instrument before and after the renegotiation of the contractual conditions, adjusted to consider the associated changes to the cumulative value adjustments, is recorded in the income statement as gain or loss from contractual amendments without cancellations.

With reference to the 2022 financial year, the contractual amendments without cancellations generated the following impacts:

- gains: Euro 574 thousand;
- losses: Euro 539 thousand;
- overall difference: Euro +35 thousand.

In this regard, it should be noted that renegotiations are considered significant, formalised both through a change to the existing contract and through the execution of a new contract, which determine the extinction of the right to receive the cash flows in accordance with the original contract.

In particular, the rights to receive cash flows are deemed to be extinguished in the event of renegotiations that determine the introduction of contractual clauses such as to change the classification of the financial instrument itself, that determine a change in the currency of denomination or that are carried out at market conditions, therefore, do not constitute a credit concession.

Contractual amendments and accounting derecognition (IFRS 9)

It should be noted that the moratoria granted by Cassa di Risparmio di Bolzano to its customers during 2020, both pursuant to the law and local regulations, decided on the basis of negotiated agreements at the provincial level, as a specific intervention of the Group, did not result in an automatic classification in stage 2 and in the identification of a forbearance measure according to prudential regulations. The Group has carried out specific assessments to verify, also considering the risk conditions prior to the outbreak of the pandemic, whether to consider the renegotiation as a measure of forbearance with consequent transition to stage 2.

With reference to the accounting of the effects (profit/loss from forbearance) relating to contractual amendments (non-forborne positions) deriving from customer support measures, Cassa di Risparmio di Bolzano has assessed, from a qualitative and quantitative point of view, whether the support economic relief measures have entailed the change in the characteristics of the financial assets and, consequently, whether it is necessary to proceed with their derecognition also in relation to the substantial nature of the change.

In light of the assessments made, it was deemed that the changes in relation to the moratoria granted are not to be considered substantial as these financial support measures will provide temporary relief to the debtors affected by the COVID-19 epidemic and the net economic value of the loan will not be will be significantly affected.

With reference to the majority of the moratoria granted, for which the suspension took place only with reference to the capital component, there are no economic changes to be reported. With regard to the transactions for which the interest component was also suspended, the differences between the carrying amount and the present value of the modified cash flows discounted at the original interest rate were minimal and therefore Cassa di Risparmio di Bolzano decided not to recognise these components in the relevant item 140 of the income statement.

Section 12 - Administrative expenses - item 190

12.1 Personnel expenses: breakdown

Type of expenses/Values	Total 31/12/2022	Total 31/12/2021
1) Employees	(141,764)	(90,903)
a) wages and salaries	(85,945)	(65,252)
b) social security contributions	(23,901)	(16,612)
c) severance pay	(596)	-
d) social security expenses	(76)	-
e) allocation to the provision for employee severance indemnity	(312)	(89)
f) allocation to the provision for pensions and similar obligations:	(6,311)	(6,271)
- with defined contribution	(6,311)	(6,271)
- with defined benefits	-	-
g) payments to external supplementary pension funds:	(1,853)	-
- with defined contribution	(1,853)	-
- with defined benefits	-	-
h) costs deriving from payment agreements based on own equity instruments	-	-
i) other employee benefits	(22,770)	(2,679)
2) Other active personnel	(157)	-
3) Directors and statutory auditors	(1,579)	(1,142)
4) Retired personnel	-	-
Total	(143,500)	(91,791)

The cost for Directors and Statutory Auditors includes both the fixed remuneration and the attendance fees and expense reimbursements.
The increase of Euro 51.7 million compared to the previous year is mainly due to personnel costs referring to the second half of 2022 of the subsidiary CiviBank (for Euro 28.6 million), the allocation of a solidarity fund by both banks to facilitate the exit of employees through an early retirement agreement for the period 2023-2028 (for a total of Euro 18.6 million) and the allocation of Euro 9 million as a variable yield bonus.

12.2 Average number of employees by category

	Punctual 31/12/2022	Punctual 31/12/2021	Average 31/12/2022	Average 31/12/2021
Employees	1,744.50	1,145.50	1,713.00	1,143.75
a) Executives	32.00	25.00	34.50	25.75
b) Middle managers	529.50	481.00	622.75	479.00
c) Remaining employees	1,183.00	639.50	1,055.75	639.00
Other personnel	-	-	-	-
Total	1,744.50	1,145.50	1,713.00	1,143.75

The highest and average number of employees is expressed by conventionally considering the number of employees with part-time contracts at 50%, as set forth in the rules for drawing up the Financial Statements issued by the Bank of Italy.

12.3 Company's defined benefit pension funds: costs and revenues

The defined benefit pension funds include only retired employees.

The representation in the financial statements of the expenses related to this type of provision provides for the following:

- to record the adjustment of the actuarial estimates with a balancing entry in Shareholders' Equity without passing through the income statement;
- to continue to represent in the income statement the costs deriving from the discounting of the liability (interest cost), the expected return on investments, and, if applicable, the allocation made for personnel in service (service cost).

This accounting treatment allows for a more correct representation in the income statement of the typical banking activity, avoiding "interference" linked to insurance risks unrelated to the banking business. Actuarial estimates of the Pension Fund, in fact, depend on elements that cannot be influenced and are not related to the performance of banking activities, and in addition, the Fund represents an obligation to former employees whose related benefits, i.e. the provision of services, were rendered in previous periods.

12.4 Other employee benefits

	Total 31/12/2022	Total 31/12/2021
Education and training expenses	(654)	(640)
Reimbursement of medical expenses	(1,031)	(1,027)
Clothing	-	(1)
Other	(21,085)	(1,011)
Total	(22,770)	(2,679)

The table provides details of item 1.i) of the previous table 12.1 "Personnel expenses".

12.5 Other administrative expenses: breakdown

	31/12/2022	31/12/2021
Indirect taxes and duties	(18,734)	(15,458)
Property rents	(493)	(478)
Movable assets rents	-	(1)
Machine rents	(202)	(249)
Maintenance costs for buildings and furniture used by the Group	(2,524)	(2,810)
Expenses for electricity, heating and water	(3,569)	(1,773)
Cleaning costs	(1,460)	(1,188)
Telephone expenses	(593)	(558)
Postal charges	(412)	(464)
IT system outsourcing service fee	(6,695)	(11,036)
Software maintenance and fees	(5,440)	(4,440)
Expenses for data transmission lines	(1,150)	(1,141)
Expenses for data processing performed by third parties	(1,133)	(1,285)
Expenses for services provided by Group companies	-	-
Expenses for other outsourcing services	(9,620)	(1,262)
Expenses and fees for services rendered by third parties	(2,383)	(602)
Expenses for the transport of valuables and security	(785)	(498)
Expenses for searches, information and debt collection	(2,145)	(1,658)
Expenses for fees to professionals	(15,038)	(11,231)
Expenses for printed matter and stationery	(317)	(604)
Advertising and promotions expenses	(3,673)	(2,471)
Expenses for insurance premiums	(958)	(1,385)
Expenses for membership fees	(15,514)	(13,049)
- of which contributions to resolution funds and deposit guarantee schemes	(14,586)	(12,439)
Other expenses	(2,822)	(1,637)
Total	(95,658)	(75,278)

The item "Other administrative expenses" recorded an increase of Euro 20.4 million, attributable for an amount of Euro 15.8 million to administrative expenses relating to the second half of 2022 of the subsidiary CiviBank, i.e. since it became effective part of the Group. The remaining increase is essentially linked to costs for fees to professionals incurred as part of the acquisition of Banca di Cividale.

The contributions paid by the two banks to the resolution funds and the deposit guarantee schemes also increased further.

Section 13 - Net allocations to provisions for risks and charges - item 200

13.1 Net allocations for credit risk relating to commitments to disburse funds and financial guarantees issued: breakdown

	31/12/2022	31/12/2021
Commitments to disburse funds	-	-
Financial guarantees issued	(3,084)	1,950
Total	(3,084)	1,950

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

This section is not completed; in fact, there are no allocations relating to other commitments and guarantees issued that are not already included in the previous section.

13.3 Net allocations to other provisions for risks and charges: breakdown

	31/12/2022	31/12/2021
1. Other provisions for risks and charges:		
1.1 legal disputes	(1,922)	(2,224)
1.2 personnel expenses	-	(41)
1.3 other	(3,889)	-
Total	(5,811)	(2,265)

Section 14 - Net value adjustments/write-backs to property, plant and equipment - item 210

14.1. Net value adjustments to property, plant and equipment: breakdown

Assets/Income component	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a +b - c)
A. Property, plant and equipment				
1. For business use	(16,007)	-	-	(16,007)
- Owned	(10,272)	-	-	(10,272)
- Rights of use acquired through leases	(5,736)	-	-	(5,736)
2. Held for investment purposes	(331)	-	-	(331)
- Owned	(331)	-	-	(331)
- Rights of use acquired through leases	(331)	-	-	-
3. Inventories	X	-	-	-
Total	(16,339)	-	-	(16,339)

For information on the "useful life" of property, plant and equipment for the calculation of depreciation, please refer to Section 9 of Assets.
Effective from 01.01.2019, the accounting standard IFRS 16 Lease was applied, which led to the recognition in the assets of the lessor of the right of use of the property, plant and equipment acquired through the lease; these assets must be depreciated over the contractual life of the asset and the relative depreciation charge is shown in this table.

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

15.1 Net value adjustments to intangible assets: breakdown

Assets/Income component	Amortisation (a)	Impairment losses (b)	Write-backs (c)	Net result (a +b - c)
A. Intangible assets	(5,126)	-	-	(5,126)
of which: software	(4,838)	-	-	(4,838)
A.1 Owned	(5,126)	-	-	(5,126)
- Generated internally by the company	-	-	-	-
- Other	(5,126)	-	-	(5,126)
A.2 Rights of use acquired through leases	-	-	-	-
B. Assets held for sale	-	-	-	-
Total	(5,126)	-	-	(5,126)

For information on the "useful life" of intangible assets for the calculation of amortisation, please refer to Section 10 of Assets.

Section 16 - Other operating expenses and income - item 230

16.1 Other operating expenses: breakdown

	31/12/2022	31/12/2021
1. Other operating expenses		
Pension Fund (Section A/A1) - Allocation to the Provision of net revenues generated by invested assets	-	(1,074)
Pension Fund (Section A/A1) - Net losses generated by invested assets	(3,974)	-
Pension Fund (Section A/A1) - Impact of the discounting cost of liabilities (interest cost)	(342)	(256)
Maintenance costs - properties held for investment purposes	(108)	(261)
Costs from securitisation of receivables	(922)	(925)
Other charges	(8,329)	(1,539)
Total	(13,676)	(4,055)

The item "Other operating expenses" includes, for the subsidiary CiviBank, an amount of Euro 4,360 thousand relating to a penalty for early termination to be paid to the outsourcer CSE.

The impact of the losses generated by the assets invested in the sections A/A1 pension funds is significant in the representation of the table, compared to the revenues generated in the previous year.

16.2 Other operating income: breakdown

	31/12/2022	31/12/2021
1. Other operating income		
Rental income on properties held for investment purposes	1,818	2,611
Stamp duty recast	12,918	10,718
Recovery of substitute tax on medium/long-term loans	2,119	1,985
Pension Fund (Section A/A1) - Net revenues generated by invested assets	-	1,074
Pension Fund (Section A/A1) - Allocation to the provision of net losses generated by invested assets	3,974	-
Pension Fund (Section A/A1) - Impact of the expected return of the invested portfolio	342	256
Other income	113,706	5,023
Total	134,876	21,667

The item "Other income" includes the amount, equal to Euro 107,358 thousand, relating to the badwill recognised following the acquisition of the subsidiary Banca di Cividale and obtained as the positive difference between the acquisition price and the value of the equity share acquired after purchase price allocation activities. For more details on the determination of this value, please refer to the details in Part A and Part G of these consolidated financial statements.

The impact attributable to the net losses generated by the assets invested in the Sections A/A1 Pension Fund, which recorded a negative operating result compared to the previous year, was also significant.

The remaining items, which include the amounts relating to CiviBank, do not show significant deviations if compared with the Group values in its previous structure.

Section 17 - Gains (losses) on equity investments - item 250

17.1 Gains (losses) on equity investments: breakdown

Income components/Sectors	Total 31/12/2022	Total 31/12/2021
1) Jointly controlled entities		
A. Income	-	-
1. Revaluations	-	-
2. Gains on disposal	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Charges	-	-
1. Write-downs	-	-
2. Impairment losses	-	-
3. Losses on disposal	-	-
4. Other charges	-	-
Net result	-	-
2) Companies subject to significant influence		
A. Income	833	384
1. Revaluations	833	384
2. Gains on disposal	-	-
3. Write-backs	-	-
4. Other income	-	-
B. Charges	-	-
1. Write-downs	-	-
2. Impairment losses	-	-
3. Losses on disposal	-	-
4. Other charges	-	-
Net result	833	384
Total	833	384

This table shows the Parent Bank's portion of profit recorded by the investment in Autosystem società di servizi in which it holds a 25% stake and which is consolidated using the equity method.

Section 18 - Net result from fair value measurement of property, plant and equipment and intangible assets - item 260

18.1 Net result from measuring property, plant and equipment and intangible assets at fair value (or revalued amount) or estimated realisable value: breakdown

Assets/Income component	Revaluations (a)	Write-downs (b)	Exchange rate differences Positive (c)	Exchange rate differences Negative (d)	Net result (a-b+c-d)
A. Property, plant and equipment	5,128	(400)	-	-	4,728
A.1 For business use	-	-	-	-	-
- Owned	-	-	-	-	-
- Rights of use acquired through leases	-	-	-	-	-
A.2 Held for investment purposes:	5,128	(400)	-	-	4,728
- Owned	5,128	(400)	-	-	4,728
- Rights of use acquired through leases	-	-	-	-	-
A.3 Inventories	-	-	-	-	-
B. Intangible assets	-	-	-	-	-
B.1 Owned:	-	-	-	-	-
B.1.1 Generated internally by the company	-	-	-	-	-
B.1.2 Other	-	-	-	-	-
B.2 Rights of use acquired through leases	-	-	-	-	-
Total	5,128	(400)	-	-	4,728

The fair value measurement, determined on the basis of appraisals performed at least annually, was carried out for each property.

The total figure of Euro +4,728 thousand emerges from the assessment of a qualified third party, chosen from among the leading companies in the sector.

Section 19 - Value adjustments to goodwill - item 270

19.1 Value adjustments to goodwill: breakdown

This section is not completed as neither in the year 2022 nor in 2021 were any impairment losses recognised on goodwill, which was already fully written down in 2019.

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

20.1 Gains (losses) on disposal of investments: breakdown

Income component/Sectors	Total 31/12/2022	Total 31/12/2021
A. Properties	2,754	2,462
- Gains on disposal	2,762	2,462
- Losses on disposal	(9)	-
B. Other assets	7	(19)
- Gains on disposal	12	8
- Losses on disposal	(4)	(27)
Net result	2,761	2,443

Section 21 - Income taxes for the year on current operations: breakdown - item 300

21.1 Income taxes for the year on current operations: breakdown

Income components/Sectors	Total 31/12/2022	Total 31/12/2021
1. Current taxes (-)	(37,626)	(13,156)
2. Changes in current taxes from previous years (+/-)	740	248
3. Reduction in current taxes for the year (+)	-	-
3.bis Reduction in current taxes for the year for tax credits pursuant to Law no. 214/2011 (+)	-	-
4. Change in prepaid taxes (+/-)	3,374	(23,531)
5. Change in deferred taxes (+/-)	5,729	16,150
6. Taxes for the year (-) (-1+/-2+3+3bis+/-4+/-5)	(27,783)	(20,289)

Current taxes refer to the IRES and IRAP payable of the Parent Bank and the company Sparim. The taxation on the portion of the allocation, not deductible during the year, relating to the early retirement initiative that will concern the two Group banks has had significant impact on the increase in deferred tax assets. The tax effects on the reversal portions of the components recorded in the PPA are also recognised as a reduction in deferred tax assets and liabilities.

21.2 Reconciliation between theoretical tax expense and actual tax expense in the financial statements

	IRES	IRAP
Profit from current operations before tax	102,381	122,276
Non-deductible costs for IRAP purposes	-	14,858
Non-taxable revenues for IRAP purposes	-	(12,481)
Total	102,381	124,653
Theoretical tax charge (IRES 27.5% - IRAP 4.64%)	27,653	5,059
Permanent increases	516	753
Permanent decreases	(4,081)	(629)
Other increases/decreases	(1,765)	277
Value of taxes for the year	22,323	5,460

The difference between the theoretical tax charge and the actual tax charge described in this table is attributable to:

- the exemption/non-deductibility of capital gains/losses on securities falling within the scope of application of the so-called participation exemption;
- the substantial exemption of dividends received;
- the portion of subsidised income for ACE purposes, as well as
- other non-taxable/non-deductible components of a lower amount.

Section 22 - Profit (loss) from discontinued operations after tax - item 320

22.1 Profit (loss) from discontinued operations after tax: breakdown

Income components/Sectors	Total 31/12/2022	Total 31/12/2021
1. Income	-	-
2. Charges	(1,332)	(400)
3. Result of the valuation of the group of assets and associated liabilities	-	-
4. Gains (losses) on disposal	-	-
5. Taxes and duties	-	-
Profit (loss)	(1,332)	(400)

The values included in this table are attributable to the reclassification of the charges and income relating to the company Raetia SGR S.p.A. in liquidation, which is fully consolidated and allocated under "Assets held for sale", "Liabilities associated with assets held for sale" in the financial statements of the Parent Bank.

22.2 Details of income taxes relating to discontinued operations

	Amount 31/12/2022	Amount 31/12/2021
1. Current taxation (-)	-	-
2. Change in prepaid taxes (+/-)	-	-
3. Change in deferred taxes (-/+)	-	-
4. Income taxes for the year (-1+/-2+/-3)	-	-

This item is not recognised as the adjustment of the value of assets held for sale relating to participations under the PEX (participation exemption) regime does not represent a deductible component of the company's income.

Section 23 - Profit (loss) for the year attributable to minority interests - item 340

23.1 Details of item 340 "Profit (loss) for the year attributable to minority interests"

Company names	Total 31/12/2022	Total 31/12/2021
Equity investments in consolidated companies with significant minority interests		
1. Banca di Cividale S.p.A.	3,242	-
2. Cassa di Risparmio di Bolzano Spa	-	-
3. Sparim S.p.A.	-	-
Other equity investments	-	-
Total	3,242	-

The figure represents the portion attributable to minority interests, equal to 20.9%, of the result of the subsidiary Banca di Cividale.

Section 24 - Other information
There is no further relevant information.

Section 25 - Earnings per share
Earnings/losses per share are calculated by dividing net profit/loss by the weighted average number of ordinary shares outstanding.

25.1 Average number of ordinary shares with diluted capital
Earnings per share are calculated on 59,993,791 shares, with 958,222 shares repurchased.

25.2 Other information
Earnings per share for the year amounted to Euro 2.92 (Euro 1.21 at 31 December 2021).

SPARKASSE
CASSA DI RISPARMIO

Part D - Consolidated comprehensive income

Part D - Consolidated Comprehensive Income

ANALYTICAL STATEMENT OF COMPREHENSIVE INCOME

	Items	31/12/2022	31/12/2021
10.	Profit (loss) for the year	172,141	72,609
	Other income components without reversal to the income statement	2,565	(24,196)
20.	- Equity securities designated at fair value through other comprehensive income:	5,417	(27,439)
	a) change in fair value	5,008	3,714
	b) transfers to other components of shareholders' equity	409	(31,152)
30.	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness):	-	-
	a) change in fair value	-	-
	b) transfers to other components of shareholders' equity	-	-
40.	Hedging of equity securities designated at fair value through other comprehensive income:	-	-
	a) change in fair value (hedged item)	-	-
	b) change in fair value (hedging instrument)	-	-
50.	Property, plant and equipment	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	(4,002)	2,582
80	Non-current assets and groups of assets held for sale	-	-
90.	Portion of valuation reserves of equity-accounted investments	-	-
100.	Income taxes relating to other income components without reversal to the income statement	1,149	660
	Other income components with reversal to the income statement	(3,635)	(677)
110.	Foreign investment hedges:	-	-
	a) changes in fair value	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
120.	Exchange rate differences:	-	-
	a) changes in value	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
130.	Cash flow hedges:	-	-
	a) changes in fair value	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
	of which: result of net positions	-	-
140.	Hedging instruments (non-designated elements):	-	-
	a) changes in value	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income:	(5,364)	(998)
	a) changes in fair value	(5,637)	(650)
	b) reversal to income statement	273	(348)
	- adjustments for credit risk	(26)	55
	- gains/losses on disposal	299	(404)
	c) other changes	-	-
160.	Non-current assets and groups of assets held for sale:	-	-
	a) changes in fair value	-	-
	b) reversal to income statement	-	-
	c) other changes	-	-
170.	Portion of valuation reserves of equity-accounted investments:	-	-
	a) changes in fair value	-	-
	b) reversal to income statement	-	-
	- impairment losses	-	-
	- gains/losses on disposal	-	-
	c) other changes	-	-
180.	Income taxes relating to other income components with transfer to the income statement	1,729	321
190.	Total other income components	(1,070)	(24,874)
200.	Comprehensive income (Item 10+190)	171,071	47,735
210.	Consolidated comprehensive income attributable to minority interests	(3,210)	-
220.	Consolidated comprehensive income attributable to the Parent Bank	174,281	47,735

Part E - Information on risks and related hedging policies

Part E - Information on risks and related hedging policies

INTRODUCTION

Role of Corporate Bodies

The Parent Bank Cassa di Risparmio di Bolzano S.p.A., since its transformation into a joint-stock company in 1992, has adopted the administration and control system characterised by the presence of a Board of Directors and a Board of Statutory Auditors, both appointed by the Shareholders' Meeting, and decided to maintain this so-called "traditional" system also following the entry into force of the 2003 corporate law reform. Indeed, although Cassa di Risparmio di Bolzano S.p.A. is a company with a single majority shareholder (therefore the presence of a stable majority) and with the remaining shareholding structure characterised by small shareholders, the Shareholders' Meeting has always considered it to be of primary importance the existence of a clear separation between management and control activities.
Moreover, since May 2015, the management system of Cassa di Risparmio di Bolzano S.p.A. is characterised by the presence of the Chief Executive Officer; a figure that, due to the provisions of the Articles of Association in force, must correspond with that of the General Manager.
The role and duties of the Parent Bank's Corporate Bodies are governed by specific Regulations (of the Board of Directors, of the Board of Statutory Auditors, of the Chief Executive Officer and General Manager and in the Articles of Association). In addition, within the Board of Directors, the Risk Committee (intra-board committee) has been established and is entrusted with the tasks set forth in the Supervisory provisions, as well as, since January 2016, with the functions previously assigned to the Associated Parties Committee, a committee that was repealed in January 2016.
In summary:

- the Board of Directors is assigned strategic supervision and management functions;
- the Chairman of the Board of Directors is responsible for the legal representation of the Parent Bank and the use of the free corporate signature; the Chairman monitors the performance of the company, supervises the execution of the resolutions of the administrative bodies and chairs the Shareholders' Meeting and the Board of Directors;
- the Chief Executive Officer and General Manager is assigned the task of collaborating with the Board of Directors in carrying out management functions, i.e. in implementing the guidelines resolved on by the Board of Directors in exercising its strategic supervision function;
- the Board of Statutory Auditors is assigned the task of control, i.e. verifying the adequacy and compliance of the organisational system, the risk management system, the capital self-assessment system and the internal control system with the requirements set forth by the law and supervisory regulations.

Periodically, the Board of Directors carries out its own self-assessment to verify the correct and effective functioning of the Board and its adequate composition. In particular, the Board assesses the adequacy:

- of the procedures adopted to define the composition of the Board of Directors with respect to those set forth in the Law and Supervisory provisions as well as in the Articles of Association;
- the activities actually carried out by the Board of Directors with respect to those indicated by the Law, Supervisory and Articles of Association provisions that govern the role of the Board in various matters.

The Board of Statutory Auditors also carries out a self-assessment on its composition and functioning.
The Parent Bank decided in 2009 to adopt a Supervisory Body (SB), established pursuant to Legislative Decree no. 231/2001. Since May 2015, the Supervisory Body has been assigned to the Board of Statutory Auditors of the Parent Bank.

The legal and supervisory provisions, in particular on corporate governance, establish that the internal control system (*set of rules, functions, structures, resources, processes and procedures*) is a fundamental element of the overall system of governance of banks, which must guarantee, in particular, the achievement of strategic objectives and corporate policies, the containment of risks, the effectiveness and efficiency of business processes, the reliability and security of company information and IT procedures, compliance of transactions with the law and supervisory regulations, as well as with internal policies, regulations and procedures, in addition to the prevention of the risk of the bank being involved in any unlawful activities.
Taking into account the aforementioned objectives, Cassa di Risparmio di Bolzano, also in its capacity as Parent Bank of the "Cassa di Risparmio di Bolzano" Banking Group, has defined a corporate organisational model for the Group as a whole and for the individual components of the Group, aimed at enabling the continuous implementation of the applicable legal and supervisory provisions. The Bank has set up a system of internal controls and risk management aimed at identifying, measuring, managing and monitoring the risks of the Parent Bank and the Group on a continuous basis, which involves the Corporate Bodies, the company's internal control functions as well as the Supervisory Body pursuant to Legislative Decree no. 231/2001, whose functions have been assigned to the Board of Statutory Auditors; the company appointed to perform the statutory audit of the accounts also participates in the control system.
In this logic, the overall activities that the Group and its members are required to carry out to achieve their business objectives in compliance with legal and supervisory provisions and, therefore, with a view to sound and prudent management, are broken down into "Areas", which group together sets of "processes".

- Governance and Risk Management;
- Business;
- Support.

An additional "Area" relating to the regulations pertaining to "Corporate Governance" is added to these Areas.
The taxonomy of the processes was revised in August 2021.

Each process is divided into "phases" and each phase into "sub-phases/activities" to be put in place for carrying out the phase itself. For each sub-phase/activity, the steps to be taken for the concrete application of the criteria are then regulated. This makes it possible to identify, for each legal and supervisory provision in force or issued from time to time, the specific activities applicable to the Group and its members, as well as to refer these activities to the relevant processes.
The corporate organisational system governs the processes that define the organisational model adopted, the role of the Corporate Bodies, the delegated powers structure, the information flows and the role of the Group's members, the operational/management and risk governance and management processes, as well as the control processes set forth in the supervisory provisions.
In summary, according to the organisational model adopted:

- the criteria to be followed and the activities to be carried out are proposed by the organisational units responsible for the processes, supported by the organisation function as regards organisational aspects, validated by the compliance function for observance of external provisions (so-called regulatory compliance) and implemented in internal first-level regulatory sources (process regulations/Policies) with the approval of the body with strategic supervisory functions or by the Chief Executive Officer and General Manager (according to the delegation of powers);
- the operating procedures to be adopted, together with any IT procedures to be used for carrying out so-called complex activities, are governed and regulated in second-level internal regulatory sources (operating rules) by the relevant Organisational units, on the basis of the information provided by the Process Managers, after verification by the Compliance function of alignment with external provisions.

According to the organisational model, the execution of processes is assigned to one or more organisational units included in the organisation chart.
The role and responsibilities of the aforementioned units are governed by the regulations of the organisational structure (General Company Regulation); the duties of the control functions are also regulated in the respective process rules.
The definition of the corporate organisational model governing processes ensures compliance with the general organisation principles, as set forth in the Supervisory Provisions and in particular allows to:

- distinguish operating and support units from control units;
- identify the professional skills needed to carry out the process phases;
- assign specific powers consistent with the management requirements of the process phases;
- define the information that must be exchanged between the functions responsible for carrying out the phases of the process;
- define the information to be transmitted by the units to the Corporate Bodies.

The individual organisational units periodically provide information, for the processes under their responsibility, on the activities carried out with respect to those governed by the law and supervisory provisions using a specific IT procedure indicating the company's processes and the units responsible for carrying them out. With reference to the deviations identified, adequate measures are then adopted for the purpose of their elimination, with a periodic monitoring of the state of implementation by the control functions.

Organisation of the risk management function

The Risk Management function reports directly to the body with strategic supervision, both hierarchically and functionally, collaborating with the management body and in particular with the Chief Executive Officer - General Manager with regard to administrative/management and information issues.
In compliance with the principle of independence, the Risk Management Service has the possibility to:

- access, with no restrictions, company and external data necessary for the performance of assigned tasks,
- access directly the corporate governance and control bodies,
- access financial resources, which can be activated independently, for the consultancy services necessary to carry out the assigned tasks.

The Risk Management Service is divided into the following structures:

- Credit risks and Rating Desk;
- Financial risks;
- Risk Governance.

The responsibilities of the Risk Management function can be summarised as follows:

- Ensuring the identification, measurement and monitoring, both timely and prospectively, of the significant risks that the Company incurs;
- Collaborating in defining and implementing the Risk Appetite Framework and the related risk measurement and monitoring procedures;
- Measuring and assessing risks, capital and liquidity (ICAAP and ILAAP processes) from a current, forward-looking perspective and in the event of stress, as well as formulating an opinion:
  - on the adequacy of the Tier 1 capital and the Group's total internal capital;
  - on the adequacy of the liquidity risk governance and management system;
- Collaborating in defining the procedures for the identification and management of the most significant transactions, as well as verifying their consistency with the RAF;
- Assessing the sustainability of the sizing of the equity and economic figures on the basis of the effects on the risk profile and capital adequacy;
- Analysing the risks of new products and services and those deriving from the entry into new operating and market segments, as well as assessing the potential risks associated with the outsourcing of certain business processes/activities;

- Verifying the correct performance of monitoring credit exposures (second level controls);
- Developing, validating and maintaining risk measurement, management and control systems in compliance with regulations and in line with best practice, interacting for this purpose with the functions responsible for the business processes concerned;
- Carrying out the validation of internal risk measurement models (both for management and regulatory purposes);
- Continuously assessing the adequacy of the risk management system;
- Carrying out Rating Desk activities;
- Supervising the quality of data for the information area where Risk Management is the Data Owner (AIRB parameters) by providing guidelines to ensure a certain qualitative level of the data under analysis, monitoring the resolution of the problems identified and preparing dedicated reporting to the corporate bodies.

<u>Risk Appetite Framework</u>

In compliance with supervisory provisions, the Group has defined the Risk Appetite Framework (RAF), i.e. the reference framework that defines, in line with the maximum assumable risk, the business model and the strategic plan.

- risk appetite;
- tolerance thresholds;
- risk limits;
- risk governance policies;
- the reference processes necessary to define and implement them.

Therefore, the formalisation of the RAF must be read in terms of integration of the overall system of internal controls and contributes to compliance with the principles of sound and prudent management.

The Risk Appetite Framework defines the Group's Risk Appetite, and is divided into "Equity", "Liquidity" and "Business Risk" categories in order to include all the relevant risk profiles to which the Group is exposed based on its operations. The RAF outlines the risk perimeter within which the company strategy is developed, defined at the time of planning, which in turn is outlined in the management policies of the main business areas (credit, commercial, investments, funding policy, etc.).

A further aspect that characterises the RAF is represented by the definition of the internal control system, consisting of a set of rules, functions, structures, resources, processes and procedures, which ensures, in compliance with of sound and prudent management, the following purposes:

- containment and prevention of risk within the limits indicated in the reference framework for determining the Group's risk appetite;
- effectiveness and efficiency of processes, as well as the reliability and security of company information and IT procedures;
- compliance of transactions with the law and supervisory regulations, as well as with internal policies, regulations and procedures.

The implementation of such approach is ensured through the interaction between the Risk Management Function and the Planning and Control Function which, following the performance of the processes pertaining thereto, prepare respectively the Risk Appetite Statement (RAS) and the Strategic Plan/Budget in a coordinated and consistent manner.

In compliance with the above, the RAF makes it possible to define (ex ante) an effective corporate risk management strategy and is a prerequisite for an efficient risk management process. Therefore, the process of defining the RAF cannot be misaligned with respect to the company's strategic choices and the related budgets, the particular business model adopted, as well as the overall risk level that derives from it.

The definition of the risk appetite is also a useful management tool that, in addition to allowing a concrete application of prudential provisions, allows to:

- strengthening the ability to govern and manage company risks;

- supporting the strategic process;
- facilitating the development and dissemination of an integrated risk culture;
- developing a rapid and effective system for monitoring and communicating the risk profile assumed.

The RAF, taking into account the strategic plan and the significant risks identified and having defined the maximum risk that can be assumed, indicates the types of risk that the Group intends to assume and sets the risk objectives and the tolerance thresholds. For each identified parameter, the following are defined:

- the level of risk appetite, i.e. the level of risk (overall or by type) that the Group intends to assume in order to pursue its strategic objectives;
- the level of risk tolerance, i.e. the maximum deviation from the risk appetite allowed; it must ensure sufficient margins to operate even under stress conditions within the maximum assumable risk;
- the level of risk capacity, i.e. the maximum level of risk that the Group is technically able to assume without violating the regulatory requirements or other restrictions imposed by the Supervisory Authority or by the shareholders.

In compliance with the above, the Parent Bank has defined the "risk appetite definition and control process", dividing it into the following steps:

- the first step contemplates the methods by which the Group's governing bodies define ex ante, in relation to the Group's risk-taking capacity, the level of risk within which to develop the business. The definition of the risk appetite is the result of a process that, starting from the identification and analysis of risks, identifies, qualifies and quantifies the risk objectives and the tolerance thresholds; these elements express, at the highest level, the guidelines of the governing bodies on the subject of risk assumption in the implementation of corporate strategies. The risk appetite is formalised in a specific document submitted to the Board of Directors for approval;
- the second step provides for the definition of the risk appetite in terms of operating limits and risk indicators. In particular:
  - operating limits represent a risk mitigation and management tool as they guide and define the choices in the different segments (credit, financial, *etc.*). The operating limits are commensurate with the business model, strategic lines and operational complexity;
  - the risk indicators, although they depend on risk management, are not directly or sufficiently governed by the operating units responsible for carrying out the individual processes, and therefore provide reference signals for verifying whether the quality of processes, exposures and related costs (in terms of both expected loss and unexpected loss) are consistent with the risk objectives.

  The selection of operating limits and risk indicators and their calibration, in compliance with the risk objectives and tolerance thresholds approved by the Board of Directors, is delegated by the Board of Directors to the Risk Monitoring Committee;
- the third and last phase of the process defines the methods for controlling the risk objectives, the operating limits and the risk indicators, as well as for representing the results of the aforementioned controls with respect to the competent Corporate Bodies and functions. In this regard, it is specified that control means both the methods for qualifying the measurements of the phenomena subject to control with respect to what is defined in terms of risk objectives, tolerance thresholds, operating limits and risk indicators, and the procedures to be adopted in the event of violations ("Escalation procedures"). In particular, these procedures define the operating actions to be carried out in the specific situations identified with a clear evidence of the roles and responsibilities of the Bodies and functions involved and the related timelines.

The internal reporting system is aimed at ensuring full knowledge and governance of the risks as well as the verification of compliance with the RAF to the Corporate Bodies, Control Functions and individual functions involved in their management. The preparation and dissemination of reports at the various levels of the company is aimed at enabling effective controls over exposure to risks, highlighting the presence of anomalies in the risk evolution, verifying compliance with the risk appetite, operating limits and the risk indicators, raising awareness of the risks assumed and assumable, as well as providing the information necessary to monitor the effectiveness of risk mitigation tools. The reporting system also provides an overview of the mitigation initiatives undertaken and their progress.

<u>Risk culture and vision</u>

For the Group, the existence of a solid risk culture is a pre-requisite that certainly acts as a "facilitator" for the development and implementation of an effective RAF. At the same time, the adoption of the RAF generates a process of strengthening both the company culture on risks and the understanding of risks, at all levels, capable of effectively guiding and directing the behaviour of personnel (also on risks that are difficult to quantify) as this represents the foundation for effective risk management.

Together with the adequate definition of the RAF and a strong risk culture, the RAS (Risk Appetite Statement), which provides the strategic guidelines on the risk and the behaviour expected by the structure, contributes to spreading the risk culture of the Group among its personnel, especially if used in connection with a personnel performance evaluation system.

The nature of the Group and the principles set out in the Code of Ethics and in the internal regulations constitute the value framework that gives the company management consciously prudent directions, aimed on the one hand at strengthening the capital and on the other at guaranteeing adequate profitability as a basis for perpetuating the promotion and well-being of customers, shareholders and the reference area over time. The operating model is characterised by a strong focus on traditional brokerage, favouring the financial inclusion and access to credit by households and small and medium-sized enterprises. In the reference area it is focused not only on operations but also on decision-making powers, balancing the risks of concentration and conflict of interest with the adoption of specific regulations and governance controls.

The Group's risk appetite is therefore strongly conditioned by its institutional purpose and precisely in consideration of its "mission", the Group pursues a general management strategy based on a limited risk appetite and a conscious assumption thereof, which is expressed:

- in rejecting transactions that may compromise the profitability and soundness of the Group;
- in the non-admissibility of technical forms that involve the assumption of risks that are not consistent with the Group's risk objectives;
- in the diversification of exposures, in order to contain their concentration;
- in acquiring the guarantees necessary for risk mitigation;
- in the Group's focus on traditional brokerage activities;
- in simplifying business processes and the organisational structure.

Section 1 - Risks of the banking group

1.1 Credit risk

QUALITATIVE INFORMATION

1. General aspects

The development lines of credit activities are defined in the credit policy approved by the Board of Directors, and consequently incorporated in the annual budgets. For the granting of new loans, selective and specific criteria were defined, while for the classification of the existing loan, and the related allocations, criteria based on greater prudence were adopted in evaluating the prospects for recovery and, more generally, the prospective solvency of customers.

In order to guarantee an effective control of the credit risk, a monitoring system has been set up, based on a strict focus on anomalous phenomena and a timely evaluation of the data, in order to undertake, as quickly as possible, the appropriate actions to mitigate the risk.

Impacts deriving from the COVID-19 pandemic

During the year, the Parent Bank continued to carry out careful measurement and continuous monitoring of the performance of the Potentially Risky Sectors impacted by the pandemic, also aligning the analyses carried out by the Subsidiary CiviBank starting from June 2022.

Considered the general uncertainty of the macroeconomic context, as a precaution, in addition to acting on the satellite model, Management Overlay manoeuvres were carried out on specific counterparties.

Impacts deriving from the Ukrainian-Russian conflict

In order to consider the current macro-economic and geo-political context linked to the Ukrainian-Russian conflict, the Parent Bank has strengthened the monitoring of Potentially Risky Sectors by extending the analysis already focused on Customer segments impacted by the Pandemic also to those exposed to the conflict. On a prudential basis, specific Overlay manoeuvres were carried out on the collective financial statements data on the customer brackets exposed to expensive energy.

2. Credit risk management policies

2.1 Organisational aspects

The risk management process is defined as the set of rules, procedures, resources (human, technological and organisational) and control activities aimed at identifying, measuring or assessing, monitoring, preventing or mitigating and communicating to the appropriate hierarchical levels all risks assumed or assumable in the different segments and at the level of the Group's portfolio, taking advantage, in an integrated logic, of the reciprocal interrelationships and the evolution of the external context.

The credit risk management process is divided into the following phases:

- Credit risk identification;
- Credit risk measurement;
- Credit risk monitoring;
- Credit risk prevention/mitigation;
- Credit risk reporting and communication.

2.2 Management, measurement and control systems

Further details on the credit risk management process are provided below:

2.2.1 Credit risk identification

The first phase of the risk management process consists in framing the credit risk, defined as the "risk that a reduction in the value of a credit exposure is generated in correspondence with an unexpected worsening of the creditworthiness of the borrowing counterparties, including the manifest inability to fulfil all or part of their contractual obligations", and in the subsequent identification of the sources that generate it.

The transactions potentially exposed to credit risk can therefore be identified in all exposures, including financial instruments, present in the banking book and off-balance sheet, with the sole exception of positions allocated in the trading book.

The identification of the sources of credit risk is carried out by the Risk Management Function with the involvement of the operating functions that participate in the business processes of Credit and Finance, on which this risk is based. In particular, in order to identify the factors that generate credit risk, the Risk Management Function constantly monitors:

1. all loans (on-balance sheet exposures and off-balance sheet transactions);
2. transactions in financial instruments classified in the banking book;
3. cash and cash equivalents;
4. investments in property, plant and equipment and intangible assets.

The above elements referred to in points 2., 3. and 4., in compliance with supervisory provisions, fall within the scope of exposures subject to the regulation of the standardised methodology for the measurement of the capital requirement against credit risk.

2.2.2 Credit risk measurement

The measurement of credit risk must be assessed by distinguishing between measurement for regulatory purposes, identified in the measurement of the capital requirement against credit risk, and measurement for management purposes, which identifies synthetic risk measures and more detailed indicators functional to risk assessment and the subsequent monitoring phase.

The measurement of the capital requirement, carried out by the Financial Statements, Accounting and Reporting Service, is performed on a quarterly basis in compliance with the reporting obligations by applying the standardised methodology as defined in the Supervisory provisions.

The measurement of credit risk for operating purposes involves specific quantitative calculations on the evolution of loans to customers, credit quality, performance of impaired positions, the relative degree of coverage, as well as the composition of loans by rating class. The Parent Bank also strengthened the monitoring of the PD, LGD and EAD risk parameters.

Exposure to credit risk is also subjected, at least annually as part of the ICAAP process, to stress tests aimed at assessing the impacts on internal capital (and on equity) of extreme but plausible values of the risk factors.

2.2.3 Credit risk monitoring

The monitoring of credit risk refers to the activity of gathering and organising in a structured manner the results obtained from the measurement and assessment activities, as well as further quantitative and qualitative findings that support the analysis of exposure to the risks in question and the verification of compliance with the RAF indicators. It is divided into:

a. analysis of credit risk exposure, which considers:
    - the capital requirement;
    - the nature and composition of the portfolio;
    - the quality of the portfolio;
    - the degree of coverage of loans;
    - the risk mitigation techniques.

Through the internal rating system, the Risk Management Function carries out specific analyses on the credit quality of both the overall credit portfolio and specific counterparties. In particular, these controls concern:

- an analysis of distribution by customer segment;
- an analysis of distribution by rating class of the overall portfolio and of each segment;
- an analysis of the composition of the loan portfolio and HTC securities divided by staging (Stage 1, Stage 2, Stage 3);
- an analysis of the transitions by staging (Stage 1, Stage 2, Stage 3);
- an analysis of the rating transitions (so-called "Transition matrices");

- an analysis of the evolution of the Probability of Default (PD), of the Loss Given Default (LGD) and of the Exposure to Default (EAD), as well as of the Expected Credit Loss (ECL);
- the accuracy/performance analysis of the models adopted;
- the analysis and monitoring of any borrower-based measures and related limits.
- the analysis of concentration in specific sectors, exposure classes and types of guarantees with evidence of those that are eligible or otherwise;

a. the controls on Rating Attribution activities

   The Rating Desk structure was established to oversee the Rating Attribution process.

   The main responsibilities assigned to the Rating Desk structure include:

   - the assessment of Override requests;
   - controls on Quality Questionnaires;
   - or second level controls on the adequacy of the Rating Attributions carried out by the Managers.

b. second-level control over the monitoring of credit exposures, both massive and sample-based.
   The controls of the Risk Management function in this area are defined in order to ensure, on a periodic basis, that the monitoring of credit exposures, the classification of exposures, the allocations and the recovery process are carried out in compliance with internal procedures and that the same procedures are effective and reliable, with reference to the ability to promptly report the emergence of anomalies as well as to ensure the adequacy of value adjustments and related losses.

In the second half of 2022, the Parent Bank arranged the activities useful for aligning and strengthening second-level controls framework in the subsidiary CiviBank.

2.2.4 Credit risk prevention/mitigation

In general, the management strategy aims to contain the degree of exposure to credit risk within the values indicated in the risk appetite.
The main mitigation measures implemented to prevent credit risk, whose objective is to achieve a conscious assumption of the risk, are identified by:

a. Prior opinions on the consistency with the RAF in the presence of most significant transactions;
b. Prior opinions on the adequacy of allocations and/or classification as part of the second-level monitoring of credit exposures;
c. Prior risk assessments with regard to new products and services, activities and markets;
d. Contribution to the definition and implementation of the credit policy and of the NPL plan in compliance with the risk objectives;
e. Appropriate decision-making procedures with reference to transactions with associated parties;
f. Definition and updating of the operating limits, i.e. the set of threshold values to be referred to in order to limit the exposure to the risk in question and guide the choices concerning the management of credit risk. The criteria to be followed and the activities to be carried out for their identification are governed, in general for all risks, as part of the internal regulations on the Risk Appetite Framework.

With regard to credit risk mitigation (CRM) techniques, reference is mainly made to guarantees and any securitisation transactions, the management of which is primarily the responsibility of the Lending Department and is governed in the Policy on the Governance of Credit Risk Mitigation and in the Credit Process Regulation.

2.2.5 Credit risk reporting and communication

The reporting and communication of credit risk refers to the preparation of appropriate information to be provided to the Corporate Bodies and other functions regarding the risks assumed or assumable in the various segments, with the understanding, in an integrated logic, of the mutual interrelationships and the evolution of the external context.

2.3 Methods for measuring expected losses

Changes due to COVID-19 and the Ukrainian-Russian conflict

Assessment of significant increase in credit risk (SICR)

During 2022, the Parent Bank continued its scrupulous monitoring of the loan portfolio in order to carefully identify and assess the potential impacts on specific customer segments in sectors considered particularly vulnerable due to the macroeconomic context and the current geopolitical situation.

To this end, the monitoring of "Potentially Risky Sectors" was strengthened and expanded to include, in addition to the sectors most impacted by the Covid-19 pandemic, also sectors vulnerable following the Russia-Ukraine conflict. In addition, considering the general uncertainty of the macroeconomic context, as well as adopting a prudential approach to the satellite model, Management Overlay manoeuvres were carried out on specific counterparties under surveillance or part of economic sectors exposed to high energy costs. The monitoring of the moratorium portfolio, which has a residual exposure, also continued. As part of the integration of the subsidiary CiviBank, from June 2022, the Subsidiary's Tableau de Bord was supplemented and aligned with the Parent Bank's structure, carrying out targeted analyses linked to economic sectors.

Measurement of expected losses

In order to reflect the risks and instabilities associated with the macroeconomic context during 2022, the models for measuring expected losses were constantly monitored and updated by the Parent Bank with the macroeconomic forecasts made available on the market (ECB, Prometeia, etc.). In the course of 2022, in consideration of the macroeconomic and geo-political context, the "severe" scenario was overweighed. Starting from June 2022, the analyses carried out by the subsidiary CiviBank were also aligned with those of the Parent Bank.
As a precaution, in addition to acting on the satellite model, Management Overlay manoeuvres were carried out on specific counterparties.

2.4 Credit risk mitigation techniques

In order to mitigate credit risk, the Parent Bank acquires typical bank guarantees, such as collateral on properties and financial instruments and personal guarantees.

The Parent Bank is carefully monitoring the use of these techniques in order to ensure their correct application also for the purposes of potential capital savings.

The management of real estate collateral reflects the provisions of current regulations; the property subject to mortgage collateral is appraised by an independent appraiser and the monitoring measures provided for by the regulations are activated on the property itself, and in particular:

- the value of residential properties is verified with the aid of statistical methods at least every three years or more frequently, also by making new estimates, in the event that market conditions are subject to significant changes;
- the value of non-residential properties is verified with the aid of statistical methods every year or more frequently, also by making new estimates, in the event that market conditions are subject to significant changes;
- every 3 years, a new estimate is made by an independent expert for all exposures exceeding Euro 3 million or more than 5% of the Bank's Own Funds.

The values of real estate collateral for positions classified as unlikely to pay or bad loans, regardless of the amount, are updated with a new appraisal by an independent appraiser at a maximum frequency of 12 months or sooner if deemed necessary.

The standard contracts adopted by the Parent Bank comply with the general requirements aimed at ensuring legal certainty and the effectiveness of the guarantees themselves.

The Group does not activate offsetting agreements relating to on- and off-balance sheet transactions; there are also no credit derivatives.

3. Impaired credit exposures

The criteria adopted by the Group regarding the classification of receivables are consistent with the International Accounting Standards and with the instructions of the Bank of Italy and EBA (European Banking Authority).

The classification in the "Bad loans" category refers to on- and off-balance sheet exposures to a party in a state of insolvency (even if not legally ascertained) or in substantially comparable situations, regardless of any loss forecasts made by the Parent Bank.

Beyond the situations ascertained by official acts (bankruptcy procedures, recurrent protests, injunctions, etc.), the difficulty shown by the customer in overcoming persistent economic-financial imbalances, such as to confirm - albeit with a variable degree of probability - its inability to meet the commitments undertaken, is of relevance.

The classification into the category Unlikely to pay is the result of the Parent Bank's opinion on the improbability that, without recourse to actions such as enforcement of guarantees, the debtor will fully meet its credit obligations (in terms of principal and/or interest).

The Guidelines on the new definition of default (EBA/GL/2016/07) have also introduced specific rules to evaluate the propagation of the default on the basis of existing links with positions (co-obligations, group links, etc.) classified as default.

The classification in the risk category of impaired past due and/or overrun exposures concerns on-balance sheet exposures, other than those classified as bad loans or unlikely to pay, which, at the reporting reference date, are past due or overrun.

The past due or overrun must be continuous, or must persist for 90 consecutive days.

In the case of exposures repayable by instalments, the rules set out in Article 1193 of the Civil Code apply to the allocation of payments to the individual instalments past due, unless otherwise specifically agreed in the contract.

In the case of "revocable" overrun facilities in which the credit limit granted has been exceeded (even if as a result of the capitalisation of interest), the default occurs - whichever occurs first - from the date of the first non-payment of interest resulting in the overrun or from the date of the first demand for repayment of principal.

For the purpose of verifying the thresholds, all exposures of the reporting bank to the same debtor are taken into consideration. Equity exposures are excluded.

For the purpose of determining the amount of past due and/or overrun exposure, there is no provision for offsetting past due amounts against open and unused credit lines (available margins).

The overall exposure to a debtor must be recognised as impaired past due and/or overrun, if, on the reference date of the report, the amount of the principal, interest or commissions not paid on the date in which it was due exceeds both of the following thresholds:

a) absolute limit equal to Euro 100 for retail exposures and equal to Euro 500 for exposures other than retail ones;
b) 1% relative limit given by the ratio of the past due and/or overrun total amount to the total amount of all credit exposures regarding the same debtor (including the exposures sold and not derecognised for financial statements purposes).

In accordance with the provisions of the Guidelines on the new definition of default (EBA/GL/2016/07), it is necessary to consider the following credit obligations among the past due and/or overrun exposures due to the propagation of default:

a) all joint credit obligations to a pool of debtors (co-obligations) and all individual exposures to such debtors where a joint credit obligation of two or more debtors is classified as past due, unless there is justification for inappropriately recognising the default of individual exposures;
b) the credit obligations of a person fully responsible for the obligations of a company, if the latter is classified under past due (e.g. surety shareholder of a partnership).

The technical-organisational procedures used in the management and control of non-performing loans are structured in relation to the degree of anomaly of the position.

With regard to unlikely to pay and impaired past due and overrun exposures, performance monitoring is carried out with periodic reviews in order to assess:

- the reversibility or otherwise of the economic-financial difficulties of the counterparties;
- the regularity of the repayment plans presented by debtors;
- in the case of positions subject to forbearance, it is necessary to examine the outcome of the initiatives taken to normalise/restructure the loans (repayment plans, revisions of the technical form of use, etc.);
- determination on a regular basis according to the policy in force of the forecasts of losses for loans classified as "unlikely to pay" and for exposures past due and overrun.

With reference to bad loans, recovery and monitoring activities are carried out by essentially performing the following activities, which also include periodic reviews of the positions:

- revocation, for the new positions, of credit lines and solicitation of debtors to settle their exposures;
- initiation and completion of acts of penalty through the assistance of internal and/or external lawyers towards debtors who have neither responded to solicitations nor submitted debt repayment plans;
- assessment, for positions already in recovery, of compliance with the expected repayment plans;
- determination on a regular basis according to the policy in force of the loss forecasts for loans classified as bad loans.

As far as the return of impaired exposures to performing status is concerned, with therefore also their reallocation among live loans (to default) if non-performing, this is carried out in compliance with current legislation and with the debtor's recovery of full solvency conditions and the regularisation of the risk position and evidence of the restoration of the debtor's economic and financial capacity.

3.1 Management strategies and policies

Non-performing loans include past due and/or overrun loans, unlikely to pay loans (UTP) and bad loans. Its regulatory definition is established by the Bank of Italy "Matrix of Accounts" - Circular no. 272 of 30 July 2008, as updated, in compliance with European legislation. Non-performing loans also include non-performing exposures subject to forbearances that correspond to the "non-performing exposures with forbearance measures" as defined in Annex V of the Executive Regulation of the Commission 680/2014 of 16/04/2014 as amended by the Executive Regulation of the Commission 1627/2018 of 09/10/2018.

The main levers for the management of non-performing loans are as follows:

1. on a preliminary basis, limiting the inflow of new non-performing loans with proactive management at various levels, also combined and/or with escalation (sales network, phone collection, centralised management with ad hoc structure, etc.);
2. have an appropriate and updated set of information relevant for management purposes, with particular relevance of the Loss Given Default, and continue with an adequate historicisation of the information considered strategic and functional to be able to draw up an efficient recovery plan consistent with management strategies of the NPL portfolio in line with the reduction objectives that the Bank has provided for in the NPL Plan approved by the Board of Directors according to the defined time horizon;
3. continuously monitor the performance of the NPL portfolio in terms of effectiveness, efficiency and compliance with the NPL Plan approved by the Board of Directors.

3.2 Write-offs

The Write-off, as defined in Circular no. 262 Credit and Financial Supervision of 22 December 2005 - 5th update, is an event that gives rise to an accounting derecognition when there are no longer reasonable expectations of recovering the financial asset (see IFRS 9, paragraphs 5.4.4, B5.4.9 and B3.2.16 (r)). It may occur before the legal actions taken for the recovery of the financial asset are completed and does not necessarily involve the waiver of the legal right to recover the loan by the bank.

The write-off may concern the entire amount of a financial asset or a portion of it and corresponds to:

- the reversal of total value adjustments, as an offsetting entry to the gross amount of the financial asset, and
- for the part exceeding the total value adjustments, the impairment of the financial asset recognised directly in the income statement.

As part of the analysis of the impaired portfolio, the responsible structure within the credit Institution evaluates, on a pre-defined basis, the credit positions for which it is considered that the prerequisites for write-off as mentioned above exist and are in accordance with the internally defined criteria, in order to submit a suitably motivated proposal for the partial or total derecognition of the receivable to the competent decision-making body.

3.3 Purchased or originated impaired financial assets

The accounting standard IFRS 9 (B 5.4.7) identifies the "Purchased Originated Credit Impaired" positions, known as "POCI", i.e. exposures that are impaired on the date of purchase or on which they originated.

If, upon initial recognition, a credit exposure is recorded under item 30. "Financial assets measured at fair value through other comprehensive income" or 40. "Financial assets measured at amortised cost", is impaired, it is classified as "Purchased or Originated Credit Impaired - POCI".

A financial asset is considered impaired at the time of initial recognition because the credit risk is very high or, in the case of a purchase, it is acquired with large discounts. With reference to financial assets classified as "POCI" at the time of their initial recognition, the effective interest rate must be "adjusted" for impairment losses measured over the expected life of the instrument (Credit-adjusted EIR). The rate thus determined must be applied to the net carrying amount of the financial asset from the moment of its initial recognition. However, this does not mean that an effective interest rate adjusted for the loan should be applied just because the financial asset presents a high credit risk at the time of initial recognition.

At the reporting date, the Bank should recognise only cumulative changes in expected losses over the life of the loan from the time of initial recognition as a provision to cover losses on purchased or originated impaired financial assets.

For purchased or originated impaired financial assets, the expected losses on loans must be discounted using the effective interest rate adjusted for the loan, determined at the time of initial recognition.

Cassa di Risparmio di Bolzano identifies as "Purchased or originated impaired financial assets", "POCI", in compliance with IFRS 9 and on the basis of internal methodologies, the following types of financial assets (loans):

- credit exposures already originated with impaired status (stage 3);
- credit exposures originated as a result of restructuring transactions of impaired exposures that resulted in the origination of new loans, which are significant in absolute or relative terms, proportionally to the amount of the original exposure. In this regard, in order to be considered significant, the origination of new loans must amount to more than 10% of the value of the previously outstanding restructured positions. The disbursements of new loans of less than 10% of the restructured positions, but of an amount exceeding Euro 500 thousand, will also be considered as "POCI";
- credit exposures purchased with impaired status.

It should be noted that in the case of the granting of new credit lines, only the new ones will be considered "POCI". If instead the restructured position replaces previous positions and, on the basis of the criteria defined above, a "POCI" financial asset is configured, the entire restructured position will be considered as such.

4. Financial assets subject to commercial renegotiations and exposures subject to forbearances

In the face of the debtor's credit difficulties, the exposures may be subject to changes in the contractual terms in favour of the debtor in order to make the repayment sustainable. Depending on the subjective characteristics of the exposure and the reasons underlying the debtor's credit difficulties, the changes may take effect in the short term (temporary suspension from payment of the principal amount of a loan or extension of a maturity) or in the long term (extension of the duration of a loan, revision of the interest rate) and lead to the classification of the exposure (both performing and impaired) as "forborne". Forborne exposures are subject to specific provisions in terms of classification, as indicated in the ITS EBA 2013-35; if the forbearance measures are applied to performing exposures, these fall within the category of stage 2 exposures. All exposures classified as "forborne" are included in specific monitoring processes by the relevant corporate functions.

Specifically, these functions, through the support of adequate IT procedures, monitor the effectiveness of the measures granted, identifying any improvements or worsening in the customer's financial position after the forbearance. If, at the end of the monitoring period, the position complies with all the criteria envisaged by the relevant legislation, said position is no longer considered among the "forborne" loans; otherwise it continues to remain among the "forborne" exposures.

The commercial network has the right, should it deem it appropriate, to revise the conditions applied to customer exposures even in the absence of financial difficulties, within the scope of the autonomy in force from time to time.

In this case, the exposure does not fall within the category of "forborne" exposures.

As regards how the measures to support the economy put in place by the government and by trade associations, taking into account the indications provided by the Regulatory and Supervisory Authorities, have affected the process of assessing the SICR and measuring the expected losses, please refer to the specific indications provided in the previous specific paragraphs "1. General aspects" and "2.3 Methods for measuring expected losses - Changes due to COVID-19".

SECTION 1 - RISKS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Quantitative disclosure

A. Credit quality

A.1 Impaired and non-impaired credit exposures: amounts, value adjustments, trends and economic breakdown

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying amounts)

Portfolios/quality		Bad loans	Unlikely to pay	Impaired past due exposures	Non-impaired past due exposures	Other non-impaired exposures	Total
1. Financial assets measured at amortised cost		22,113	167,558	2,899	24,085	14,516,809	14,733,464
2. Financial assets measured at fair value through other comprehensive income		-	-	-	-	309,330	309,330
3. Financial assets designated at fair value		-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value		-	-	-	-	7,808	7,808
5. Financial assets held for sale		-	-	-	-	108	108
Total	31/12/2022	22,113	167,558	2,899	24,085	14,834,055	15,050,709
Total	31/12/2021	8,693	74,905	384	8,075	10,242,124	10,334,181

Pursuant to the instructions provided by the Bank of Italy for the preparation of the financial statements, for the purposes of the quantitative disclosure on credit quality shown in this and in the following tables, it should be noted that:

- the term "credit exposures" excludes equity securities and UCITS units
- the term "exposures" includes equity securities and UCITS units.

A.1.2 Breakdown of financial assets by portfolio and by credit quality (gross and net amounts)

Portfolios/quality		Impaired				Non-impaired			Total (net exposure)
		Gross exposure	Total value adjustments	Net exposure	Total partial write-offs*	Gross exposure	Total value adjustments	Net exposure	
1. Financial assets measured at amortised cost		366,489	(173,919)	192,569	54,372	14,591,051	(50,157)	14,540,894	14,733,463
2. Financial assets measured at fair value through other comprehensive income		-	-	-	-	309,636	(306)	309,330	309,330
3. Financial assets designated at fair value		-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value		-	-	-	-	X	X	7,808	7,808
5. Financial assets held for sale		-	-	-	-	-	-	108	108
Total	31/12/2022	366,489	(173,919)	192,569	14,900,687	14,900,687	(50,463)	14,858,140	15,050,709
Total	31/12/2021	257,162	(173,180)	83,982	63,312	10,159,141	(27,858)	10,250,199	10,334,181

A.1.2 Breakdown of financial assets by portfolio and by credit quality (gross and net amounts)

Portfolios/quality		Assets of obvious poor credit quality		Other assets
		Cumulative losses	Net exposure	Net exposure
1. Financial assets held for trading		-	-	27,500
2. Hedging derivatives		-	-	60,530
Total	31/12/2022	-	-	88,030
Total	31/12/2021	-	-	38,171

SECTION 2 - RISKS OF PRUDENTIAL CONSOLIDATION

A.1.1 Prudential consolidation - Breakdown of financial assets by past due brackets (carrying amounts)

Portfolios/risk stages		First stage			Second stage			Third stage			Purchased or originated impaired		
		Up to 30 days	For over 30 days up to 90 days	Over 90 days	Up to 30 days	For over 30 days up to 90 days	Over 90 days	Up to 30 days	For over 30 days up to 90 days	Over 90 days	Up to 30 days	For over 30 days up to 90 days	Over 90 days
1. Financial assets measured at amortised cost		5,229	-	-	5,883	12,179	770	2,986	15,817	24,208	743	4,394	26,121
2. Financial assets measured at fair value through other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale		-	-	-	-	-	-	-	-	-	-	-	-
Total	31/12/2022	5,229	-	-	5,883	12,179	770	2,986	15,817	24,208	743	4,394	26,121
Total	31/12/2021	4,377	-	-	2,202	1,335	161	1,715	2,123	12,373	-	-	39

A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: trend in total value adjustments and total allocations

Reasons/Stages of risk	Total value adjustments																							Total allocations on commitments to disburse funds and financial guarantees issued				Total
	Assets included in the first stage						Assets included in the second stage						Assets included in the third stage						Purchased or originated impaired financial assets									
	Loans to banks and Central Banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Loans to banks and Central Banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other comprehensive income	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Loans to banks and Central Banks on demand	Financial assets measured at amortised cost	Financial assets measured at fair value through other	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	Financial assets measured at amortised cost	Financial assets measured at fair value through other	Financial assets held for sale	of which: individual write-downs	of which: collective write-downs	First stage	Second stage	Third stage	Purchased and/or originated impaired commitments to disburse funds and financial guarantees issued	
Opening total adjustments	116	6,934	72	-	-	7,121	-	20,840	-	-	-	20,839	-	169,482	-	-	169,386	96	3,710	-	-	3,697	13	510	498	7,616	-	209,776
Increases from purchased or originated financial assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	X	X	X	X	X	-	-	-	3,537	3,537
Derecognitions other than write-offs	(3)	(889)	(14)	-	-	(906)	-	(1,888)	-	-	-	(1,888)	-	(21,040)	-	-	(21,028)	(12)	(337)	-	-	(337)	-	(227)	(283)	(1,696)	-	(26,376)
Net value adjustments/write-backs for credit risk (+/-)	(21)	10,313	107	-	-	10,399	-	15,182	141	-	-	15,323	-	25,013	-	-	24,871	142	(1,325)	-	-	(1,322)	(4)	365	1,554	3,648	-	54,977
Contractual amendments without cancellations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in the estimation methodology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs not recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,917)	-	-	(1,917)	-	-	-	-	-	-	(112)	(97)	(69)	-	(2,195)
Other changes	-	(455)	-	-	-	(455)	-	52	-	-	-	52	-	403	-	-	427	(24)	-	-	-	(61)	61	(52)	46	5	-	-
Total closing adjustments	92	15,902	165	-	-	16,159	-	34,186	141	-	-	34,326	-	171,941	-	-	171,739	202	2,048	-	-	1,978	70	485	1,718	9,504	3,537	239,718
Recoveries from collections on financial assets subject to write-offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs recognised directly in the income statement	-	-	-	-	-	-	-	-	-	-	-	-	-	(587)	-	-	(587)	-	-	-	-	-	-	-	-	-	-	(587)

A.1.3 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: transfers between different stages of credit risk (gross and nominal amounts)

Portfolios/risk stages		Gross amounts/nominal amount					
		Transfers between first stage and second stage		Transfers between second stage and third stage		Transfers between first stage and third stage	
		From first stage to second stage	From second stage to first stage	From second stage to third stage	From third stage to second stage	From first stage to third stage	From third stage to first stage
1. Financial assets measured at amortised cost		805,873	301,277	64,401	12,145	54,594	876
2. Financial assets measured at fair value through other comprehensive income		-	19,819	-	-	-	-
3. Financial assets held for sale		-	-	-	-	-	-
4. Commitments to disburse funds and financial guarantees issued		80,241	28,467	665	129	13,577	1,276
Total	31/12/2022	886,113	349,563	65,066	12,274	68,171	2,152
Total	31/12/2021	530,170	561,285	23,637	11,539	22,526	756

A.1.3a Loans subject to COVID-19 support measures: transfers between the different stages of credit risk (gross amounts)

Portfolios/risk stages		Gross amounts					
		Transfers between first stage and second stage		Transfers between second stage and third stage		Transfers between first stage and third stage	
		From first stage to second stage	From second stage to first stage	From second stage to third stage	From third stage to second stage	From first stage to third stage	From third stage to first stage
A. Loans measured at amortised cost		108,462	31,115	9,676	1,306	3,438	19
A.1 subject to forbearances compliant with GL		49	1,458	-	-	-	-
A.2 subject to moratorium measures in place no longer compliant with GL and not assessed as subject to forbearances		-	-	-	-	-	-
A.3 subject to other forbearance measures		751	-	5,798	1,279	98	-
A.4 new loans		107,662	29,658	3,878	27	3,340	19
B. Loans measured at fair value through other comprehensive income		-	-	-	-	-	-
B.1 subject to forbearances compliant with GL		-	-	-	-	-	-
B.2 subject to moratorium measures in place no longer compliant with GL and not assessed as subject to forbearances		-	-	-	-	-	-
B.3 subject to other forbearance measures		-	-	-	-	-	-
B.4 new loans		-	-	-	-	-	-
Total	31/12/2022	108,462	31,115	9,676	1,306	3,438	19
Total	31/12/2021	126,703	40,013	13,029	3,841	8,619	8

A.1.4 Prudential consolidation - On- and off-balance sheet credit exposures to banks: gross and net amounts

Types of exposures/values	Gross exposure					Total value adjustments and total allocations					Net exposure	Total partial write-offs*
		First stage	Second stage	Third stage	Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired		
A. On-balance sheet credit exposures												
A.1 On demand	1,100,491	1,100,491	-	-	-	92	92	-	-	-	1,100,399	-
a) Impaired	-	X	-	-	-	-	X	-	-	-	-	-
b) Non-impaired	1,100,491	1,100,491	-	X	-	92	92	-	X	-	1,100,399	-
A.2 Other	282,622	276,651	4,465	-	-	297	294	2	-	-	282,325	-
a) Bad loans	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
b) Unlikely to pay	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
c) Impaired past due exposures	-	X	-	-	-	-	X	-	-	-	-	-
- of which: forborne exposures	-	X	-	-	-	-	X	-	-	-	-	-
d) Non-impaired past due exposures	-	-	-	X	-	-	-	-	X	-	-	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
e) Other non-impaired exposures	282,622	276,651	4,465	X	-	297	294	2	X	-	282,325	-
- of which: forborne exposures	-	-	-	X	-	-	-	-	X	-	-	-
Total (A)	1,383,113	1,377,142	4,465	-	-	388	386	2	-	-	1,382,724	-
B. Off-balance sheet credit exposures												
a) Impaired	-	X	-	-	-	-	X	-	-	-	-	-
b) Non-impaired	80,587	17,510	-	X	-	9	9	-	X	-	80,578	-
Total (B)	80,587	17,510	-	-	-	9	9	-	-	-	80,578	-
Total (A+B)	1,463,699	1,394,652	4,465	-	-	397	395	2	-	-	1,463,302	-

A.1.5 Prudential consolidation - On- and off-balance sheet credit exposures to customers: gross and net amounts

Types of exposures/values	Gross exposure					Total value adjustments and total allocations					Net exposure	Total partial write-offs*
		First stage	Second stage	Third stage	Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired		
A. On-balance sheet credit exposures												
a) Bad loans	69,147	X	-	53,378	15,769	47,034	X	-	45,620	1,415	22,113	54,372
- of which: forborne exposures	15,761	X	-	9,290	6,471	8,362	X	-	6,953	1,409	7,399	1,777
b) Unlikely to pay	293,774	X	-	259,374	34,400	126,216	X	-	125,652	564	167,558	-
- of which: forborne exposures	170,266	X	-	148,270	21,996	85,719	X	-	85,159	559	84,547	-
c) Impaired past due exposures	3,568	X	-	3,334	233	669	X	-	669	-	2,899	-
- of which: forborne exposures	101	X	-	101	-	20	X	-	20	-	81	-
d) Non-impaired past due exposures	25,297	5,227	19,112	X	24	1,212	46	1,166	X	-	24,085	-
- of which: forborne exposures	1,620	11	1,302	X	-	114	-	114	X	-	1,505	-
e) Other non-impaired exposures	14,624,538	4,949,009	948,680	X	1,688	48,955	15,727	33,158	X	70	14,575,584	-
- of which: forborne exposures	265,853	7,113	77,762	X	946	8,936	-	8,874	X	61	256,918	-
Total (A)	15,016,324	4,954,235	967,791	316,087	52,114	224,086	15,772	34,325	171,941	2,048	14,792,238	54,372
B. Off-balance sheet credit exposures												
a) Impaired	53,042	X	-	47,254	5,788	12,429	X	-	9,565	2,864	40,613	-
b) Non-impaired	4,045,556	3,480,324	107,765	X	84	2,807	906	1,899	X	1	4,042,749	-
Total (B)	4,098,598	3,480,324	107,765	47,254	5,872	15,236	906	1,899	9,565	2,866	4,083,362	-
Total (A+B)	19,114,922	8,434,559	1,075,556	363,341	57,985	239,322	16,679	36,224	181,506	4,914	18,875,600	54,372

The hedging ratios of on-balance sheet loans to customers are, therefore, as follows:

	31.12.2022	31.12.2021
Loans classified as bad loans	68.0%	86.0%
Loans classified as unlikely to pay	42.7%	61.7%
Non-performing loans	47.5%	67.5%
Performing loans	0.5%	0.4%

As better specified in Part C, Table 8.1 of these financial statements, the credit coverage rates values at consolidated level are determined on the basis of the fair value of the loans acquired and disbursed by CiviBank, following the PPA activities which precisely requires a representation at fair value and no longer on the basis of a gross value and related adjustment provisions. The coverage ratios, read as the sum of the two individual ones, are much higher and in line with those at the end of the previous year.

A.1.5a On-balance sheet credit exposures to customers subject to COVID-19 support measures: gross and net amounts

Types of loans/Values	Gross exposure					Total value adjustments					Net exposure	Total partial write-offs*
		First stage	Second stage	Third stage	Purchased or originated impaired		First stage	Second stage	Third stage	Purchased or originated impaired		
A. Bad loans:	48	-	-	48	-	30	-	-	30	-	19	-
a) Subject to forbearances compliant with GL	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratorium measures in place no longer compliant with GL and not assessed as subject to forbearances	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	48	-	-	48	-	30	-	-	30	-	19	-
B. Unlikely to pay:	24,822	-	-	24,206	616	6,080	-	-	6,080	-	18,742	-
a) Subject to forbearances compliant with GL	3,245	-	-	3,245	-	539	-	-	539	-	2,705	-
b) Subject to moratorium measures in place no longer compliant with GL and not assessed as subject to forbearances	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	6,797	-	-	6,797	-	2,849	-	-	2,849	-	3,948	-
d) New loans	14,781	-	-	14,164	616	2,692	-	-	2,692	-	12,088	-
C. Non-performing past due loans:	484	-	-	479	5	96	-	-	96	-	388	-
a) Subject to forbearances compliant with GL	98	-	-	98	-	20	-	-	20	-	78	-
b) Subject to moratorium measures in place no longer compliant with GL and not assessed as subject to forbearances	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	-	-	-	-	-	-	-	-	-	-	-	-
d) New loans	386	-	-	381	5	77	-	-	77	-	310	-
D. Other performing past due loans:	1,649	100	1,548	-	-	24	-	24	-	-	1,625	-
a) Subject to forbearances compliant with GL	-	-	-	-	-	-	-	-	-	-	-	-
b) Subject to moratorium measures in place no longer compliant with GL and not assessed as subject to forbearances	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	133	-	133	-	-	3	-	3	-	-	130	-
d) New loans	1,515	100	1,415	-	-	20	-	20	-	-	1,495	-
E. Other performing loans:	887,400	635,176	252,186	-	38	4,934	433	4,502	-	-	882,465	-
a) Subject to forbearances compliant with GL	3,046	1,865	1,181	-	-	57	1	56	-	-	2,989	-
b) Subject to moratorium measures in place no longer compliant with GL and not assessed as subject to forbearances	-	-	-	-	-	-	-	-	-	-	-	-
c) Subject to other forbearance measures	87,267	-	87,267	-	-	2,886	-	2,886	-	-	84,381	-
d) New loans	797,087	633,311	163,737	-	38	1,992	432	1,559	-	-	795,095	-
Total (A+B+C+D+E)	914,403	635,276	253,734	24,734	659	11,164	433	4,525	6,206	-	903,239	-

A.1.6 Prudential consolidation - On-balance sheet credit exposures to banks: trend in gross impaired exposures

This table is not shown as there are no on-balance sheet credit exposures to banks.

A.1.6 bis Prudential consolidation - On-balance sheet credit exposures to banks: trend in gross forborne exposures broken down by credit quality

This table is not shown as there are no on-balance sheet credit exposures to banks.

A.1.7 Prudential consolidation - On-balance sheet credit exposures to customers: changes in gross impaired exposures

Reasons/Categories	Bad loans	Unlikely to pay	Impaired past due exposures
A. Opening gross exposure	62,158	194,524	480
- of which: exposures sold but not derecognised	-	675	-
B. Increases	48,398	186,535	5,056
B.1 inflows from non-impaired exposures	4,433	113,697	3,175
B.2 inflows from purchased or originated impaired financial assets	20,037	62,084	1,706
B.3 transfers from other categories of impaired exposures	19,302	3,422	3
B.4 contractual amendments without cancellations	-	-	-
B.5 other increases	4,626	7,331	173
C. Decreases	41,409	87,284	1,968
C.1 outflows to non-impaired exposures	-	13,965	523
C.2 write-offs	4,473	1,482	20
C.3 collections	6,507	37,891	268
C.4 gains on disposals	10,546	4,098	-
C.5 losses on disposal	248	1	-
C.6 transfers to other categories of impaired exposures	2,672	18,943	1,112
C.7 contractual amendments without cancellations	-	-	-
C.8 other decreases	16,964	10,904	44
D. Closing gross exposure	69,147	293,774	3,568
- of which: exposures sold but not derecognised	-	1,088	-

A.1.7bis Prudential consolidation - On-balance sheet credit exposures to customers: trend in gross forborne exposures broken down by credit quality

Reasons/Quality	Forborne exposures: impaired	Forborne exposures: non-impaired
A. Opening gross exposure	165,190	213,695
- of which: exposures sold but not derecognised	391	3,812
B. Increases	76,220	150,218
B.1 inflows from non-impaired non-forborne exposures	18,153	36,900
B.2 inflows from non-impaired forborne exposures	20,557	X
B.3 inflows from impaired forborne exposures	X	13,514
B.4 inflows from impaired non-forborne exposures	2,507	-
B.5 other increases	35,003	99,804
C. Decreases	55,282	96,440
C.1 outflows to non-impaired non-forborne exposures	X	18,876
C.2 outflows to non-impaired forborne exposures	13,514	X
C.3 outflows to impaired forborne exposures	X	20,557
C.4 write-offs	1,299	44
C.5 collections	31,761	56,827
C.6 gains on disposals	3,920	-
C.7 losses on disposal	-	-
C.8 other decreases	4,788	136
D. Closing gross exposure	186,128	267,473
- of which: exposures sold but not derecognised	332	3,005

A.1.8 Prudential consolidation - Impaired on-balance sheet credit exposures to banks: trend in total value adjustments

This table is not shown as there are no impaired on-balance sheet credit exposures to banks.

A.1.9 Prudential consolidation - Impaired on-balance sheet credit exposures to customers: trend in total value adjustments

Reasons/Categories	Bad loans		Unlikely to pay		Impaired past due exposures	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
A. Opening total adjustments	53,465	11,410	119,619	99,879	96	7
- of which: exposures sold but not derecognised	-	-	290	235	-	-
B. Increases	13,073	3,229	44,555	16,160	683	20
B.1 value adjustments from purchased or originated impaired financial assets	-	X	-	X	-	X
B.2 other value adjustments	10,555	1,154	41,113	15,698	679	20
B.3 losses on disposal	248	57	1	1	-	-
B.4 transfers from other categories of impaired exposures	2,235	2,006	2,678	3	1	-
B.5 contractual amendments without cancellations	-	-	-	-	-	-
B.6 other increases	35	12	763	458	3	-
C. Decreases	19,504	6,277	37,957	30,321	110	7
C.1 write-backs from measurement	229	107	16,794	15,202	46	4
C.2 write-backs from collection	4,143	1,075	14,619	10,027	5	-
C.3 gains on disposal	2,533	1,809	1,106	1,106	-	-
C.4 write-offs	4,473	51	1,482	236	20	-
C.5 transfers to other categories of impaired exposures	2,672	-	2,210	2,006	31	3
C.6 contractual amendments without cancellations	-	-	-	-	-	-
C.7 other decreases	5,455	3,235	1,746	1,744	7	-
D. Total closing adjustments	47,034	8,362	126,216	85,719	669	20
- of which: exposures sold but not derecognised	-	-	381	221	-	-

A.3.1 Prudential consolidation - Secured on- and off-balance sheet credit exposures to banks

This table was not completed as there were no secured on- and off-balance sheet credit exposures to banks at 31 December 2022.

A.3.2 Prudential consolidation - Secured on- and off-balance sheet credit exposures to customers

	Gross exposure	Net exposure	Collaterals (1)				Personal guarantees (2)									Total (1)+(2)
							Credit derivatives					Endorsement loans				
								Other derivatives								
			Properties - Mortgages	Properties - Loans for leases	Securities	Other collateral	Collective Bargain Agreements	Central counterparties	Banks	Other financial companies	Other parties	Public administrations	Banks	Other financial companies	Other parties	
1. Secured on-balance sheet credit exposures:	8,273,943	8,085,727	5,144,177	160,408	28,683	495,835	-	-	-	-	-	1,195,791	34,804	66,000	617,459	7,743,157
1.1. fully secured	7,186,774	7,012,025	5,063,707	160,408	17,327	460,549	-	-	-	-	-	685,265	7,758	51,150	560,458	7,006,623
- of which impaired	299,422	162,409	130,995	2,843	1,350	2,128	-	-	-	-	-	16,326	279	1,763	6,725	162,409
1.2. partially secured	1,087,169	1,073,702	80,470	-	11,356	35,286	-	-	-	-	-	510,526	27,046	14,850	57,001	736,534
- of which impaired	24,041	14,093	1,113	-	-	1,098	-	-	-	-	-	4,051	238	427	3,639	10,565
2. Secured off-balance sheet credit exposures:	870,567	863,194	55,541	1	2,819	74,322	-	-	-	-	-	18,127	1,847	16,367	600,914	769,938
2.1. fully secured	654,114	650,289	51,446	1	586	66,456	-	-	-	-	-	10,236	595	8,549	511,478	649,346
- of which impaired	9,699	6,549	1,245	-	8	40	-	-	-	-	-	65	-	294	4,898	6,549
2.2. partially secured	216,453	212,905	4,095	-	2,233	7,866	-	-	-	-	-	7,891	1,252	7,818	89,436	120,592
- of which impaired	7,258	4,773	358	-	-	1,000	-	-	-	-	-	25	300	742	1,141	3,566

A.4 Prudential consolidation - Financial and non-financial assets obtained through the enforcement of guarantees received

This table is not filled in as there are no financial and non-financial assets obtained through the enforcement of guarantees received.

B. Breakdown and concentration of credit exposures

B.1 Prudential consolidation - Breakdown of on- and off-balance sheet credit exposures to customers by sector

Exposures/Counterparties	Public administrations		Financial companies		Financial companies (of which: insurance companies)		Non-financial companies		Households	
	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance sheet credit exposures										
A.1 Bad loans	-	-	11	18	-	-	17,934	38,962	4,168	8,054
- of which forborne exposures	-	-	-	-	-	-	5,196	5,490	2,203	2,873
A.2 Unlikely to pay	-	-	1,741	1,099	-	-	125,341	101,941	40,476	23,176
- of which forborne exposures	-	-	-	855	-	-	64,065	68,661	20,482	16,202
A.3 Impaired past due exposures	-	-	-	-	-	-	896	219	2,003	450
- of which forborne exposures	-	-	-	-	-	-	3	1	78	20
A.4 Non-impaired exposures	4,660,030	1,320	540,130	3,280	1,901	2	5,310,991	28,587	4,088,518	16,979
- of which forborne exposures	-	-	1,759	76	-	-	176,385	5,134	80,279	3,840
Total (A)	4,660,030	1,320	541,881	4,397	1,901	2	5,455,162	169,709	4,135,165	48,659
B. Off-balance sheet credit exposures										
B.1 Impaired exposures	-	-	-	-	-	-	39,604	12,139	1,009	290
B.2 Non-impaired exposures	288,732	6	148,821	17	748	-	2,871,879	2,487	276,924	297
Total (B)	288,732	6	148,821	17	748	-	2,911,484	14,626	277,932	587
Total (A+B) 31/12/2022	4,948,762	1,327	690,702	4,414	2,649	2	8,366,646	184,335	4,413,097	49,247
Total (A+B) 31/12/2021	3,539,834	1,341	393,272	2,970	95,345	-	6,090,918	168,162	2,764,609	37,114

B.2 Prudential consolidation - Geographic breakdown of on- and off-balance sheet credit exposures to customers - Abroad

Exposures/Geographic areas		Italy		Other European countries		America		Asia		Rest of the world	
		Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance sheet credit exposures											
A.1 Bad loans		21,889	46,728	224	306	-	-	-	-	-	-
A.2 Unlikely to pay		166,098	124,407	1,460	1,419	-	-	-	389	-	-
A.3 Impaired past due exposures		2,898	669	1	-	-	-	-	-	-	-
A.4 Non-impaired exposures		14,462,338	49,566	132,826	594	1,142	2	3,097	5	266	-
Total (A)		14,653,223	221,370	134,510	2,320	1,142	2	3,097	394	266	-
B. Off-balance sheet credit exposures											
B.1 Impaired exposures		40,584	12,429	29	-	-	-	-	-	-	-
B.2 Non-impaired exposures		3,567,054	2,802	19,285	5	3	-	14	-	-	-
Total (B)		3,607,637	15,231	19,314	5	3	-	14	-	-	-
Total (A+B)	31/12/2022	18,260,861	236,601	153,824	2,325	1,145	2	3,112	394	266	-
Total (A+B)	31/12/2021	12,723,526	207,237	64,058	2,047	588	-	309	302	152	-

B.2 Prudential consolidation - Geographic breakdown of on- and off-balance sheet credit exposures to customers - Italy

Exposures/Geographic areas		Northwest Italy		Northeast Italy		Central Italy		Southern Italy and islands	
		Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance sheet credit exposures									
A.1 Bad loans		1,234	10,603	20,476	35,873	31	41	148	210
A.2 Unlikely to pay		11,474	7,526	136,439	106,922	15,402	5,354	2,784	4,606
A.3 Impaired past due exposures		111	28	2,780	639	6	2	-	-
A.4 Non-impaired exposures		747,845	4,995	8,944,297	42,714	4,699,981	1,569	70,215	288
Total (A)		760,665	23,152	9,103,992	186,148	4,715,419	6,965	73,147	5,104
B. Off-balance sheet credit exposures									
B.1 Impaired exposures		559	19	38,754	12,410	1,259	-	12	-
B.2 Non-impaired exposures		317,509	207	3,163,851	2,573	77,624	9	8,070	12
Total (B)		318,069	226	3,202,605	14,983	78,883	9	8,082	12
Total (A+B)	31/12/2022	1,078,734	23,378	12,306,597	201,132	4,794,301	6,974	81,229	5,116
Total (A+B)	31/12/2021	709,631	23,744	8,630,029	177,300	3,315,661	1,030	67,329	4,966

B.3 Prudential consolidation - Geographic breakdown of on- and off-balance sheet credit exposures to banks - Abroad

Exposures/Geographic areas		Italy		Other European countries		America		Asia		Rest of the world	
		Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance sheet credit exposures											
A.1 Bad loans		-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay		-	-	-	-	-	-	-	-	-	-
A.3 Impaired past due exposures		-	-	-	-	-	-	-	-	-	-
A.4 Non-impaired exposures		1,319,789	335	32,685	25	28,999	27	-	-	1,251	2
Total (A)		1,319,789	335	32,685	25	28,999	27	-	-	1,251	2
B. Off-balance sheet credit exposures											
B.1 Impaired exposures		-	-	-	-	-	-	-	-	-	-
B.2 Non-impaired exposures		41,035	-	34,939	2	310	-	3,749	6	546	-
Total (B)		41,035	-	34,939	2	310	-	3,749	6	546	-
Total (A+B)	31/12/2022	1,360,824	335	67,624	27	29,309	27	3,749	6	1,797	2
Total (A+B)	31/12/2021	604,000	167	26,064	7	9,403	15	190	-	187	-

B.3 Prudential consolidation - Geographic breakdown of on- and off-balance sheet credit exposures to banks - Italy

Exposures/Geographic areas		Northwest Italy		Northeast Italy		Central Italy		Southern Italy and islands	
		Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments	Net exposure	Total value adjustments
A. On-balance sheet credit exposures									
A.1 Bad loans		-	-	-	-	-	-	-	-
A.2 Unlikely to pay		-	-	-	-	-	-	-	-
A.3 Impaired past due exposures		-	-	-	-	-	-	-	-
A.4 Non-impaired exposures		163,466	198	27,855	59	1,128,467	77	-	-
Total (A)		163,466	198	27,855	59	1,128,467	77	-	-
B. Off-balance sheet credit exposures									
B.1 Impaired exposures		-	-	-	-	-	-	-	-
B.2 Non-impaired exposures		33,023	-	375	-	7,636	-	-	-
Total (B)		33,023	-	375	-	7,636	-	-	-
Total (A+B)	31/12/2022	196,490	198	28,231	59	1,136,103	77	-	-
Total (A+B)	31/12/2021	172,393	154	16,665	13	414,942	-	-	-

B.4 Large exposures

At the end of the year, there are positions that constitute "Large exposures" according to the regulations in force since 1 January 2014 for:

(in thousands of Euro)

	Number of exposures	31.12.2022	
		Carrying amount	Weighted amount
Large exposures	10	10,590,921	789,443

As indicated in Bank of Italy Circular no. 285 of 17 December 2013 and subsequent updates, the matter "Large exposures" is governed:

- by the CRR, in particular by Part Four and by Art. 493;
- by the European Commission regulations containing the regulatory technical standards;
- by CRD IV;
- by Articles 53 and 67 of the Consolidated Banking Act.

On the basis of the provisions, the table shows the number, the carrying amount and the weighted amount of the positions defined as "Large exposures", i.e. with exposure of an amount equal to or greater than 10% of the "eligible capital" at consolidated level; at 31 December 2022, the amount of eligible capital coincides with that of Own Funds.

The recognition criterion provides that for the definition of "Large exposure" reference must be made to the concept of "unweighted exposure", as opposed to the previous legislation that referred to "weighted exposure".

The positions subject to reporting are all attributable to customer/banks or groups of customers/banks with proven reliability and to the Public Administration entities.

"Large exposures" must in any case comply with the limit of 25% of the eligible capital.

C. SECURITISATION TRANSACTIONS

C.1 Securitisation transactions

QUALITATIVE INFORMATION

Pursuant to the regulations governing the preparation of the Financial Statements, it should be noted that securitisation transactions in which the originator is a bank belonging to the same banking group, and all the liabilities issued by the special purpose entity are subscribed at the time of issue by one or more companies belonging to the same banking group (so-called self-securitisations) are not included in this section.

The securitisations of performing loans carried out by the Bank are attributable to this type of transaction.

For details on these transactions, please refer to Section 3 "Liquidity risk" below.

This section, on the other hand, includes securitisation transactions, i.e., those in which, in exchange for the sale of receivables, the conditions for the transfer of risk and the consequent derecognition of the financial assets from the Group's financial statements are met, with the simultaneous recognition as assets of the Senior and Junior Notes issued by the securitisation special purpose entity.

BUONCONSIGLIO2 SECURITISATION TRANSACTION

These assets include the loans sold in the "Buonconsiglio 2" transaction in which a pool of banks have sold their non-performing loans to a securitisation special purpose entity named "Nepal". This is therefore a multi-originator sale of credit portfolios.

The Parent Bank participated in a multi-originator securitisation transaction called "Buonconsiglio 2" in which 22 banks took part, for a total value of non-performing loans sold of Euro 734 million.

The following parties were involved in the transaction:

- Banca IMI, as arranger;
- Cassa Centrale Banca (CCRES), as coordinator;
- Studio Legale Orrick, Herrington & Sutcliffe as legal advisor;
- NEPAL SRL as the special purpose entity that purchased the receivables;
- Guber Banca Spa as servicer.

With regard to the Cassa di Risparmio di Bolzano share, the Parent Bank securitised 176 bad loans for a total of 272 positions for a total exposure of Euro 74.6 million, of which around Euro 1.8 million of lines already transferred to loss.

The transaction mainly concerned secured loans, amounting to 86.4% at Group level, and unsecured loans of 13.6%.

The majority of the securitised portfolio, equal to approximately 90.2%, is concentrated outside the province of Bolzano, the remainder is located in Alto Adige (9.8%). With regard to the main sectors of economic activities of the transferred debtors, almost half are active in Services and Construction, 24.4% are in Construction, 6.3% are in the Construction of machines and vehicles and 6.1% are private loans, while 4.8% are retail and commercial intermediaries. Other types of economic activities remain for approximately 8.7% of the portfolio sold.

The credit lines sold are composed of mortgages for 73.6%, current accounts for 25.4% and the remainder consists of other types of credit facilities.

The transaction established that, of the sale price of 27.09%, 70% is used for the subscription of Senior notes and 1.5% of Junior notes (retention rule).

The investors who have acquired the main shares of Junior securities are:

- Värde Partners (64.7%);
- Barclays Bank (23.8%);
- Guber Banca Spa (6.5%).

The extraordinary sale transaction presented itself as an important opportunity for:

- accelerating the process of reducing the stock of non-performing loans, allowing the NPL Ratio to be lowered by around 1.5%;
- reducing bad loans without significantly impacting the average coverage of the non-performing portfolio, thus without having significant effects on income statement costs;
- making the structures dedicated to the recovery of non-performing loans more efficient.

At 31 October 2018, i.e. at the cut-off date, the securitised portfolio had value adjustments of Euro 53.2 million against losses generated by the transaction of Euro 54.4 million, therefore involving a total cost of only Euro 1.2 million.

The securitisation transaction as described above was approved by the Bank's Board of Directors on 29 January 2019, and is still in the portfolio at the end of the year at 31 December 2022.

LUZZATTI SECURITISATION TRANSACTION

Together with the subsidiary CiviBank, the Parent Bank Cassa di Risparmio di Bolzano participated in a multi-originator securitisation transaction called "POP Luzzatti NPLs 2022" in which 14 other banks took part, for a total value of non-performing loans sold of approximately Euro 545 million.
The following parties were involved in the transaction:

- Global Coordinator and Monitoring Agent: Luigi Luzzatti S.c.p.a.;
- Arranger: IMI – Intesa San Paolo;
- Legal advisors: Orrick Herrington & Sutcliffe LLP (Originator side), Studio Legale Chiomenti (SPV/Arranger side);
- Rating agencies: ARC Rating S.A. and Moody's;
- Master Servicer: Prelios Credit Servicing S.p.A.;
- Special Servicers: Prelios Credit Solutions S.p.A. and Fire S.p.A. (jointly);
- SPV Corporate Servicer and Computation Agent: Securitisation Services (Banca Finint);
- Paying Agent and Account Bank: BNP Paribas Securities Services.

Concluded at the end of December 2022, the transaction saw the sale to a securitisation vehicle, established in accordance with art. 3 of Law 130/1999, called Luzzatti POP NPLs 2022 S.r.l. The structure of the transaction envisaged the suitable characteristics for the derecognition of the loans through the transfer of the portfolio to the SPV and the assignment of a BBB+/Baa1 rating to the Senior Notes, pending the reintroduction of the GACS state guarantee in order to be able to assess the opportunity at banking class level, if the conditions are met, to request this guarantee.
The SPV acquired the transferors' Portfolio, financing the purchase through the issue of three classes of ABS securities, Senior, Mezzanine and Junior classes, amounting to Euro 118.25 million, Euro 17.5 million and Euro 3 million, respectively. The Mezzanine and Junior notes were subscribed for 5% on a pro rata basis by the Transferors (pursuant to the European Retention Rule - net economic interest).
As regards the portion of Cassa di Risparmio di Bolzano, the Parent Bank securitised 60 non-performing positions for a total of 101 positions for a total exposure of approximately Euro 6.2 million.
With regard to the CiviBank share, the subsidiary Bank securitised 375 bad loans for a total of 781 positions and an overall exposure of approximately Euro 79 million, of which Euro 5.6 million of lines already transferred to loss.
The transaction mainly concerned secured loans. The Cassa di Risparmio di Bolzano portfolio is composed of 42.3% of unsecured loans and 57.7% of secured loans, while the CiviBank portfolio consists of 71.7% of unsecured loans and 28.3% of secured loans.
With regard to the economic sector, loans to households account for 12.4% of the portfolio securitised by Cassa di Risparmio di Bolzano, and 20.1% of the portfolio

securitised by CiviBank. Half of the portfolio sold by Cassa di Risparmio di Bolzano is active in the real estate and construction sector (50.1%), 15.6% is in manufacturing activities, 10.3% is in accommodation and catering, while 8.5% is in the wholesale and retail trade sector. Other types of economic activity remain for a total of 3.0% of the portfolio sold by Cassa di Risparmio di Bolzano. With regard to the portfolio sold by CiviBank, 25.8% are active in the real estate and construction sector, 35.4% are in manufacturing activities, 2.2% in accommodation and catering while 5.2% belong to the wholesale and retail trade sector. Other types of economic activity remain for a total of 11.5% of the portfolio sold by CiviBank, of which 4.6% of grape cultivation and 3.0% of professional activities.
The majority of the securitised portfolio of Cassa di Risparmio di Bolzano, equal to approximately 86.0%, is concentrated outside the province of Bolzano, the remainder is located in Alto Adige (14.0%). Most of the securitised portfolio of Civibank, equal to approximately 72.8%, is concentrated in Friuli-Venezia Giulia, the remainder is located outside the region (27.2%).
With regard to the time horizon, both portfolios sold are characterised by medium/long-term lines. The credit lines transferred with a medium/long-term duration (mortgages, loans) are therefore 61.5% for the portfolio securitised by Cassa di Risparmio di Bolzano and 74.2% for CiviBank.
The extraordinary disposal transaction presented itself as an important opportunity to accelerate the process of reducing the stock of non-performing loans, allowing to lower both the individual and Group NPL Ratio.

OTHER SECURITISATION TRANSACTIONS OF THE SUBSIDIARY BANCA DI CIVIDALE

QUALITATIVE INFORMATION

Securitisation transactions are carried out in order to increase the assets liquidity degree and increase the availability of financial instruments that can be allocated for refinancing transactions with the European Central Bank and/or that can be used as collateral in financing transactions with institutional and market counterparties. Again responding to medium/long-term funding needs, these transactions can be structured with the purchase of securities by third parties, thus obtaining an immediate provision of liquidity. The quantitative information reported in this section only includes the Civitas Spv Srl - RMBS - 2012 transaction as the other Civitas Spv Srl - RMBS - 2017 and Civitas Spv Srl - SME - 2019 transactions have the characteristics of "Self-securitisations", i.e. the Originator Bank subscribed all the liabilities issued by the SPV at the time of issue.
In January 2023, the contractual documentation relating to the early termination of the Civitas Spv Srl - RMBS - 2012 Securitisation transaction carried out in February 2012, through the vehicle company Civitas Spv Srl, was signed, through:

- ✓ the repurchase of residual securitised loans by Banca di Cividale S.p.A.
- ✓ early redemption of notes
- ✓ termination of securitisation contracts.

Main Information	
Date of completion of the transaction	February-12
SPV	Civitas Spv Srl
Transaction object	Performing residential mortgages
Banks/Originator Groups	Banca di Cividale S.p.A.
Total original amount of the receivables transferred by Banca di Cividale	383 million
RMBS Restructuring	246 million
Total amount of receivables transferred by BDC	629 million
Notes issued, subscribed and held by Banca di Cividale	122 million
of which senior notes	0 million

of which junior notes	122 million
Initial rating of senior notes	AA+Standard&poor's - A1 Moody's
Final balance TQ of notes held at 31/12/2022	122 million
Residual value of receivables at 31/12/2022	179 million
Senior notes rating	AA Standard&poor's - Aa3 Moody's

Objectives, strategies and processes: the main objective of the securitisation transactions Civitas Spv Srl - RMBS - 2012, Civitas Spv Srl - RMBS - 2017 and Civitas Spv Srl - SME - 2019 pursued with the three transactions was to guarantee a balanced structural management of the bank's liquidity situation, as part of the company strategy that has always been very attentive to this profile. The role of the bank, in addition to that of "originator" of the underlying transactions and mortgages, is that of "servicer" in charge of all activities pertaining to the relationship with borrowers, including the periodic collection of instalments.

Internal measurement systems: the credit risk associated with the assets sold in the securitisation transactions remains with the bank; therefore, the internal risk measurement and control systems are applied in a completely homogeneous manner to both securitised and non-securitised assets.

Section 2. Securitisations of bad loans

Loan securitisation transactions were identified by the Bank as a suitable instrument for transferring credit risk to third parties ("derisking").
The Bank has adopted a Policy for the assessment of the significant transfer of credit risk in a securitisation transaction (SRT Policy), which defines the guidelines that the Bank must follow in order to comply with the regulatory requirements regarding the recognition of significant transfers of credit risk (Significant Risk Transfer or SRT) as part of the securitisation transactions of performing or non-performing loans, as well as the definition of the roles and responsibilities of the corporate Bodies and Functions for these types of transactions.
The Bank has three securitisation transactions in place that involve the transfer of the underlying risks, called "POP NPLS 2019", "POP NPLS 2020" and "POP NPLS 2022". The transactions were structured in a manner suitable for obtaining the GACS guarantee on the senior note issued.

"Pop NPLs 2019" transaction

On 10 December 2019, pursuant to Italian Law no. 130 of 30 April 1999, the Bank completed a securitisation of bad loans with GACS guarantee for a total value of approximately Euro 50.7 million. The Bank participated in the initiative promoted by Luigi Luzzatti Scpa, as part of Assopopolari, which developed a multi-originator securitisation of loans with GACS, the state guarantee that assists the senior notes issued following the completion of these transactions.
The purpose of the transaction is to improve the risk profile and the quality of the assets as well as the income prospects and in particular to reduce the incidence of bad loans on total assets, as well as to reduce the related administrative, legal and judicial costs for the management of bad loans.
The securitised portfolio was of a "mixed" nature, mortgage and unsecured, claimed from non-financial companies and other private entities mainly referring to the Friuli Venezia Giulia and Eastern Veneto regions; the Banca di Cividale's participation resulted in the sale of 280 positions for a total receivable of approximately Euro 50.7 million (out of a total transaction GBV of approximately Euro 827 million).
The consideration for the sale of the receivables to the SPV, called "Pop NPLs 2019 S.r.l.", amounted to a total of Euro 177 million (of which Euro 13.6 million referring to the Bank's portfolio).

The SPV financed the purchase of the Receivables through the issue of the following classes of notes pursuant to the combined provisions of Articles 1 and 5 of Law 130, for a total value of Euro 203 million, broken down as follows:
- ✓ Euro 173 million Senior ABS with floating rate maturing in February 2045;
- ✓ Euro 25 million Mezzanine ABS with floating rate maturing in February 2045;
- ✓ Euro 5 million Junior ABS with floating rate and variable return maturing in February 2045.

The Senior Notes obtained a rating of BBB from DBRS and BBB from Scope Ratings AG, the Mezzanine notes obtained a rating of CCC from DBRS and CCC from Scope Ratings AG.
The Senior Notes obtained a rating of BBB from DBRS and BBB from Scope Ratings AG, the Mezzanine notes obtained a rating of CCC from DBRS and CCC from Scope Ratings AG. The Senior Notes issued are backed by the State Guarantee.
Below is a summary of the data at 31 December 2021 relating to the securitisation of multi-originator bad loans with GACS called POP NPLs 2019:

Main Information	
Date of completion of the transaction	December-19
SPV	POP NPLs 2019 S.r.l.
Transaction object	Transfer of credit risk to third parties
Banks/Originator Groups	Pool of 12 Banks
Total amount of receivables transferred by Banca di Cividale	50 million
Total amount of receivables transferred by BDC	50 million
Notes issued, subscribed and held by Banca di Cividale	13 million
of which senior notes	13 million
of which junior notes	0.1 million
Initial rating of senior notes	BBB
Final balance TQ of notes held at 31/12/2022	8.7 million
Senior notes rating	BBB

"POP NPLs 2020" transaction

In 2020, pursuant to Italian Law no. 130 of 30 April 1999, the Bank participated to a securitisation of bad loans with GACS guarantee for a total value of approximately Euro 36.6 million. The Bank participated in the initiative promoted by Luigi Luzzatti Scpa, as part of Assopopolari, which developed a multi-originator securitisation of loans with GACS, the state guarantee that assists the senior notes issued following the completion of these transactions.
The purpose of the transaction is to improve the risk profile and the quality of the assets as well as the income prospects and in particular to reduce the incidence of bad loans on total assets, as well as to reduce the related administrative, legal and judicial costs for the management of bad loans.
The securitised portfolio was of a "mixed" nature, mortgage and unsecured, claimed from non-financial companies and other private entities mainly referring to the Friuli Venezia Giulia and Eastern Veneto regions; the Banca di Cividale's participation resulted in the sale of 422 positions for a total receivable of approximately Euro 36.6 million (out of a total transaction GBV of approximately Euro 920 million).
The consideration for the sale of the receivables to the SPV, called "Pop NPLs 2020 S.r.l.", amounted to a total of Euro 245.5 million (of which Euro 9.7 million referring to the Bank's portfolio).
The SPV financed the purchase of the Receivables through the issue of the following classes of notes pursuant to the combined provisions of Articles 1 and 5 of Law 130, for a total value of Euro 245.5 million, broken down as follows:
- ✓ Euro 241.5 million Senior ABS with 6-month Euribor floating rate +0.30% maturing in November 2045;

- ✓ Euro 25 million Mezzanine ABS with 6-month Euribor floating rate +12% maturing in November 2045;
- ✓ Euro 10 million Junior ABS with 6-month Euribor floating rate +15% in addition to the variable remuneration linked to the recoveries remaining after the fulfilment of all the other obligations of the vehicle, maturing in November 2045.

The Senior Notes obtained a rating of BBB from DBRS and BBB from Scope Ratings AG, the Mezzanine notes obtained a rating of CCC from DBRS and CC from Scope Ratings AG. The Junior notes were not rated. The notes were not listed on any regulated market. The Senior Notes issued are backed by the State Guarantee.
With reference to the aspects of guidance, governance and control of the Transaction, it should be noted that the entire process was carried out in compliance with and application of the policy on the disposal and write-off of non-performing loans and the SRT policy. The transaction was part of the multi-year NPL management strategies and the related results, both in terms of asset quality improvement and internal capital allocation, were consistent with the strategic objectives outlined therein.
Below is a summary of the data relating to the securitisation of multi-originator bad loans with GACS called POP NPLs 2020:

Main Information	
Date of completion of the transaction	December-20
SPV	POP NPLs 2020 S.r.l.
Transaction object	Transfer of credit risk to third parties
Banks/Originator Groups	Pool of 15 Banks
Total amount of receivables transferred by Banca di Cividale*	36.9 million
Total amount of receivables transferred by BDC*	36.9 million
Notes issued, subscribed and held by Banca di Cividale	9.7 million
of which senior notes	9.5 million
of which junior notes	0.1 million
Initial rating of senior notes	BBB
Final balance TQ of notes held at 31/12/2022	6.2 million
Senior notes rating	BBB

(*) the value includes collections of Euro 309,751 occurred between the date of the cut-off and the date of sale.

"Luzzatti POP NPLs 2022" transaction

In 2022, pursuant to Italian Law no. 130 of 30 April 1999, the Bank participated to a securitisation of bad loans theoretically suitable for GACS guarantee (but concluded at the time when the GACS law was not applicable) for a total value of approximately Euro 79 million. The Bank participated in the initiative promoted by Luigi Luzzatti Scpa, which developed a multi-originator securitisation of loans with the participation of a further 14 transferring banks.
The purpose of the transaction is to improve the risk profile and the quality of the assets as well as the income prospects and in particular to reduce the incidence of bad loans on total assets, as well as to reduce the related administrative, legal and judicial costs for the management of bad loans.
The securitised portfolio is of a "mixed" nature, mortgage and unsecured, claimed from non-financial companies and other private entities mainly referring to the Friuli Venezia Giulia and Eastern Veneto regions; the Banca di Cividale's participation resulted in the sale of 375 positions for a total receivable of approximately Euro 79 million (out of a total GBV of the transaction of approximately Euro 550 million, corresponding to a gross amount collectable receivables of approximately Euro 545 million).
The consideration for the sale of the receivables to the SPV, called "Luzzatti POP NPLs 2022 S.r.l.", amounted to a total of Euro 122.9 million (of which Euro 15.7 million originally referred to the Bank's Portfolio).

The SPV financed the purchase of the Receivables through the issue of the following classes of notes pursuant to the combined provisions of Articles 1 and 5 of Law 130, for a total value of Euro 138.75 million, broken down as follows:

- ✓ Euro 118.25 million Senior ABS with a fixed rate of 4%, maturing in January 2042;
- ✓ Euro 17.5 million Mezzanine ABS with 6-month Euribor floating rate +10% maturing in January 2042;
- ✓ Euro 3 million Junior ABS with 6-month Euribor floating rate +15% in addition to the variable remuneration linked to the recoveries remaining after the fulfilment of all the other obligations of the vehicle, maturing in January 2042.

The Senior Notes have a rating issued by the rating agencies ARC Ratings, S.A., equal to BBB + (sf), and Moody's Italia S.r.l., equal to Baa1 (sf), and were subscribed on a pro rata basis by the Transferors, while the Mezzanine Notes and Junior Notes do not have a rating and 95% of them were sold on 29 December 2022 to an independent investor. In particular, no Note was sold to investors who are connected and/or have relations or links with the Transferors ("close link" as defined in Article 4(38) of the CRR). The Notes are not and will not be listed on any regulated market.

In order to fulfil the obligation to maintain the 5% net economic interest in the Transaction, pursuant to Article 6 of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 (which establishes a general framework for securitisation, sets up a specific framework for simple, transparent and standardised securitisations and amends Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) no. 1060/2009 and (EU) no. 648/2012) (the "Securitisation Regulation"), as amended by Regulation (EU) 557/2021, the Transferors have subscribed - and will undertake to maintain it throughout the duration of the Transaction - a portion of the transaction at least equal to 5% of the nominal value of each tranche of Notes issued in the context of the Transaction ("vertical segment" mode).

The following table shows the transaction details as well as the evidence of the same referring to the Bank's participation:

Main Information	
Date of completion of the transaction	December-22
SPV	Luzzatti POP NPLs 2022 S.r.l.
Transaction object	Transfer of credit risk to third parties
Banks/Originator Groups	Pool of 15 Banks
Total amount of receivables transferred by Banca di Cividale*	73.7 million
Total amount of receivables transferred by BDC*	73.7 million
Notes issued, subscribed and held by Banca di Cividale	15.1 million
of which senior notes	15.1 million
of which junior notes	<0.1 million
Initial rating of senior notes	BBB+
Final balance TQ of notes held at 31/12/2022	15.1 million
Senior notes rating	BBB+

(1) The net carrying amount is Euro 15,487,795.38, plus the collections repaid to the SPV for Euro 1,706,062.40.
(2) Senior note classified under item 40.b) Financial assets measured at amortised cost;
(3) Mezzanine note classified under item 20.c) Financial assets measured at fair value through profit or loss: other financial assets mandatorily measured at fair value;
(4) Junior note classified under item 20.c) Financial assets measured at fair value through profit or loss: other financial assets mandatorily measured at fair value.

The transaction was structured in such a way as to have suitable characteristics and conditions to proceed with the derecognition of the receivables subject to transfer, in accordance with the applicable IAS/IFRS international accounting standards, as the rights and benefits of the financial assets sold (IFRS 9, paragraphs 3.2.4 (a) and 3.2.6

(a)) are substantially transferred to the special purpose vehicle Luzzatti POP NPLs 2022 S.r.l.
The derecognition of the receivables resulted in the recognition of a loss on disposal (net of the discounting effect) of Euro 16.5 million, recognised under item 100 a) of the income statement "Gains (losses) on disposal or repurchase of assets measured at amortised cost".

With reference to the aspects of guidance, governance and control of the Transaction, it should be noted that the entire process was carried out in compliance with and application of the policy on the disposal and write-off of non-performing loans and the SRT policy. The transaction was part of the multi-year NPL management strategies and the related results, both in terms of asset quality improvement and internal capital allocation, were consistent with the strategic objectives outlined therein.

Sector of economic activity - values in millions of Euro	Gross amount *	Adjustment provisions	Net value (civil)	Net value (IAS)
Companies and Family Businesses	36.7	29.5	7.2	6.7
Individuals and Households	35.3	25.8	9.5	8.8
Totals at the time of sale	72.0	55.3	16.7	15.5

Table - Characteristics of the portfolio sold	
NDG number transferred	375
Number of credit lines transferred	781
Gross exposure at transfer to bad loans	
Gross exposure at the cut-off date	73.5
Gross exposure at the disposal date	72
Weighted average seniority in default status	
Weighted average seniority in bad loan status	5.32
Gross exposure backed by collateral at the time of transfer	53.4
- of which: companies and family businesses	25.2
- of which: households	28.2
Gross exposure not backed by collateral at the time of transfer to bad loans	18.6
- of which: companies and family businesses	11.5
- of which: households	7.1

C. Parent Bank's securitisation transactions

C.1. Exposures deriving from the main "own" securitisation transactions broken down by type of securitised asset and type of exposure

Type of securitised assets/Exposures	On-balance sheet exposures						Guarantees issued						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Carrying amount	Value adjustments/write-backs	Carrying amount	Value adjustments/write-backs	Carrying amount	Value adjustments/write-backs	Carrying amount	Value adjustments/write-backs	Carrying amount	Value adjustments/write-backs	Carrying amount	Value adjustments/write-backs	Carrying amount	Value adjustments/write-backs	Carrying amount	Value adjustments/write-backs	Carrying amount	Value adjustments/write-backs
A. Subject to full derecognition from the financial statements	8,340	(163)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.1 Buonconsiglio 2	6,972	(161)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- non-performing loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- bad loans	6,972	(161)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Luzzatti POP NPLs 2022	1,367	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- non-performing loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- bad loans	1,367	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Subject to partial derecognition from the financial statements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
B.1 securitisation name 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C. Not derecognised from the financial statements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C.1 securitisation name 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- type of asset	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

C. Securitisation transactions of the subsidiary Banca di Cividale

C.1. Exposures deriving from the main "own" securitisation transactions broken down by type of securitised asset and type of exposure

Type of securitised assets/Exposures	On-balance sheet exposures						Guarantees issued						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Carrying amount	Value adjustments/write-backs	Carrying amount	Value adjustments/write-backs	Carrying amount	Value adjustments/write-backs	Net exposure	Value adjustments/write-backs	Net exposure	Value adjustments/write-backs	Net exposure	Value adjustments/write-backs	Net exposure	Value adjustments/write-backs	Net exposure	Value adjustments/write-backs	Net exposure	Value adjustments/write-backs
A. Subject to full derecognition from the financial statements																		
POP NPLS 19 2/45 TV	9,142	10	19	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
– Own securities not pledged	8,719	10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
– Other subsidy not in current account	423	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
– Subordinated loan asset in the form of securities	-	-	19	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Pop Npls 2020 1902	6,438	5	9	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-
- Own securities not pledged	6,162	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Other subsidy not in current account	276	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
– Subordinated loan asset in the form of securities	-	-	9	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-
Pop Npls 2022 2250	15,730	20	29	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-
- Own securities not pledged	15,052	20	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Other subsidy not in current account	678	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
– Subordinated loan asset in the form of securities	-	-	29	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-
B. Subject to partial derecognition from the financial statements																		
C. Not derecognised from the financial statements																		
C.1 Civitas Spv Srl	-	-	-	-	122,300	-	-	-	-	-	-	-	-	-	-	-	-	-
- Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

With regard to the "Civitas Spv Srl – RMBS -2012" securitisation, the Bank holds the entire "Junior" notes while the Senior notes were sold and are currently held by institutional investors.
The amounts indicated in the table refer to the value of the Junior and Senior notes held by the Bank which would have been shown in both assets and liabilities of the balance sheet but which are not included therein as they have been eliminated in application of the accounting standards.

C.2. Exposures deriving from the main "third party" securitisation transactions broken down by type of securitised asset and type of exposure

Type of underlying assets/Exposures	On-balance sheet exposures						Guarantees issued						Credit lines					
	Senior		Mezzanine		Junior		Senior		Mezzanine		Junior		Senior		Mezzanine		Junior	
	Carrying amount	Value adjustments/write-backs	Carrying amount	Value adjustments/write-backs	Carrying amount	Value adjustments/write-backs	Net exposure	Value adjustments/write-backs	Net exposure	Value adjustments/write-backs	Net exposure	Value adjustments/write-backs	Net exposure	Value adjustments/write-backs	Net exposure	Value adjustments/write-backs	Net exposure	Value adjustments/write-backs
Auxilio 1855	7,703	(99)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-current own securities not pledged SPV000001855	7,703	(99)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cloud Spv	19,121	(286)	4,681	(70)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-current own securities not pledged SPV000002134	19,121	(286)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated loan asset in the form of securities SPV000002134		-	4,681	(70)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ebb Exp 05/28 2.08% It0005367849	898	(81)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-current own securities not pledged SPV000007849	898	(81)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Galadriel Spe S.R.L.	9,573	(143)	991	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-current own securities not pledged SPV000001967	9,573	(143)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated loan asset in the form of securities SPV000001967	-	-	991	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kripton Spv Spa	8,642	(111)	604	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-current own securities not pledged SPV000001965	8,642	(111)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated loan asset in the form of securities SPV000001965	-	-	604	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lanterna	17,532	(14)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-current own securities held as collateral for advances from the Bank of Italy SPV000001988	17,532	(14)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vittoria Spe Series II	7,287	(106)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-current own securities not pledged SPV000001606	7,287	(106)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

C.3. SPV for the securitisation of the subsidiary Banca di Cividale

Name of securitisation Vehicle company name	Registered office	Consolidation	Assets			Liabilities			
			Receivables	Debt securities	Other	Senior	Mezzanine	Junior	Other
POP NPLS 20 2/45 TV	Conegliano Veneto (TV)	No.	195,730	-	51,634	193,031	25,000	10,000	19,333
POP NPLS 19 2/45 TV	Conegliano Veneto (TV)	No.	110,577		38,653	131,200	5,684	412	11,934
Civitas Spv Srl	Conegliano Veneto (TV)	No.	176,869		15,812	11,731	-	122,300	60,477
POP NPLS 22 2/45 TV	Conegliano Veneto (TV)	No.							

D. Disposal transactions
A. Financial assets sold and not fully cancelled
Quantitative and quantitative information

D.1 Prudential consolidation - Financial assets sold fully recognised and associated financial liabilities: carrying amounts

	Financial assets sold fully recognised				Associated financial liabilities		
	Carrying amount	of which: subject to securitisation	of which: subject to repurchase agreements	of which impaired	Carrying amount	of which: subject to securitisation	of which: subject to repurchase agreements
A. Financial assets held for trading	-	-	-	X	-	-	-
1. Debt securities	-	-	-	X	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	X	-	-	-
4. Derivatives	-	-	-	X	-	-	-
B. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
C. Financial assets designated at fair value	-	-	-	-	-	-	-
1. Debt securities	-	-	-	-	-	-	-
2. Loans	-	-	-	-	-	-	-
D. Financial assets measured at fair value through other comprehensive income	62,167	-	62,167	-	62,244	-	62,244
1. Debt securities	62,167	-	62,167	-	62,244	-	62,244
2. Equity securities	-	-	-	X	-	-	-
3. Loans	-	-	-	-	-	-	-
E. Financial assets measured at amortised cost	1,282,146	285,368	996,778	2,349	1,085,157	110,696	974,461
1. Debt securities	996,778	-	996,778	-	974,461	-	974,461
2. Loans	285,368	285,368	-	2,349	110,696	110,696	-
Total 31/12/2022	1,344,313	285,368	1,058,944	2,349	1,147,401	110,696	1,036,705
Total 31/12/2021	150,316	150,316	-	385	141,648	141,648	-

E. Prudential consolidation - Models for the measurement of credit risk

The Group does not use internal portfolio models to measure credit risk exposure.

However, it should be noted that the Parent Bank has introduced the AIRB parameters for the calculation of expected credit losses on performing loans starting from 31 December 2019.

1.2 Banking Group - Market risks

1.2.1 Interest rate risk and price risk - Regulatory trading book

QUALITATIVE INFORMATION

A. General aspects

A.1 Sources of interest rate risk and price risk

The interest rate risk of the regulatory trading book is the risk of incurring losses caused by adverse changes in the price of financial instruments due to factors related to market interest rates (risk factor concerning the current value of these instruments).

Interest rate risk is generated mainly by debt securities and interest rate derivatives classified in the trading book.

Price risk is the risk of incurring losses caused by adverse changes in market prices. This risk is mainly generated by positions in UCITS units and by equity instruments (such as shares, futures on equity indices and/or shares, options on shares and/or equity indices, warrants, covered warrants, etc.).

Impacts deriving from the COVID-19 pandemic

With the improvement of the health context and with a now consolidated management of the pandemic by governments, no critical issues directly related to COVID-19 emerged. However, 2022 was a particularly bad year for the financial markets; the factors that mainly influenced the markets, in addition to China's zero COVID policy and the consequent contraction of its economy, are the highly restrictive policy of the Central Banks and the Russian-Ukrainian conflict with repercussions in terms of inflation, supply chains and economic growth.

Impacts deriving from the Ukrainian-Russian conflict

In order to consider the current geo-political context due to the Ukraine-Russia conflict, in 2022 the Group carefully monitored the securities portfolio in order to identify and assess potential impacts. The exposure of the securities portfolio to asset classes considered potentially sensitive in the context of the Ukrainian-Russian conflict was limited.

A.2 Objectives and strategies underlying trading activities

The "regulatory trading book" consists of financial instruments that are intentionally allocated to subsequent short-term disposals or taken on in order to benefit, in the short term, from differences between purchase and sale prices or other changes in the price or interest rates or held to hedge the risks arising from other financial instruments held for trading.

To this end, the aforementioned financial instruments, which must also be exempt from any clause that limits their negotiability or, alternatively, which must be able to be hedged, are subject to explicit trading strategies that clearly express the intent of trading of the Group.

The Group's trading book mainly includes the following financial instruments:

- government bonds, bank bonds, corporate bonds intended for trading with customers and only for repurchase agreements;
- managed products, ETFs;
- derivative transactions.

With specific reference to interest rate risk, the investments made by the Group are aimed at containing this risk by favouring short-term instruments.

B. Management processes and measurement methods for interest rate risk and price risk

B.1 Organisational aspects

The market risk management and measurement process in a broad sense, which includes both interest rate and price risks, is shown below. The market risk management process of the trading book is regulated in stages, with the aim of identifying the criteria for the management of risk profiles, the activities to be carried out for the correct application of the criteria, the units responsible for carrying out the performance of the aforementioned activities and the procedures supporting them. The articulation by phases and the attribution of activities to the various organisational structures are carried out having as objective the functionality of the process, i.e. its suitability to achieve the set objectives (effectiveness) and the ability to achieve them at a reasonable cost (efficiency).

The phases of the process are shown below.

Investment policy

The objective of the investment policy is the implementation of short and long-term strategic guidelines, in order to quantify the resources to be allocated in the financial investments segment of the trading book. The quantification of the resources to be allocated to the segment is carried out taking into account the overall market risks (interest, share price, exchange rate) and is determined on the basis of the results of the analyses carried out on the forecasts regarding the trend of the main macro-economic variables, the main reference markets, national and international monetary policies, the characteristics of the company's financial structure, the performance adjusted for the risk of the investments made and to be made, the public restrictions and the Supervisory regulations.

Information from internal and external sources is systematically acquired by the Finance and Treasury Department and forwarded to the Risk Management Service and to the Risk Monitoring Committee.

The Risk Monitoring Committee measures market risk and determines the resources to be allocated to investment activities in financial instruments at the level of the overall portfolio owned by the Group and at the level of individual portfolio or segment. The measurement in question takes place on the basis of the calculations and forecasts made by the Risk Monitoring Committee itself with the help of information processed by the Services that make up the Committee. Therefore, the Finance and Treasury Department, through the units or desks that make it up, defines, with reference to the aforementioned information, the forecasts in terms of profitability of the financial instruments (products) handled and in terms of attractiveness of the reference markets, and it determines the attractiveness of the various product/market combinations.

Assumption of market risk

The assumption of market risk is aimed at investing the resources allocated in the financial investments segment and in particular in the securities segment. The assumption of the risk is carried out in compliance with the general criteria of cost-effectiveness and profitability of the investment but above all in compliance with the powers resolved on by the Board of Directors in terms of maximum tolerable loss in the year and cumulative loss for the period (stop-loss).

The activities carried out for the assumption of market risk concern the following aspects:

1. the valuation of the investment to be made with reference to:
    - the liquidity of the investment;
    - the return offered by a security;
    - the degree of risk associated with the investment.

2. the assumption of risk with reference to the operating powers assigned in terms of limits with regard to:
    - the overall generic or position risk of the individual portfolios and of the portfolios as a whole;
    - the generic risk of the individual components of the portfolios;
    - the total cumulative loss for each portfolio segment;
    - the nominal amount of the securities by segment of operation;
    - the specific risk for debt securities of non-qualified parties;
    - the counterparty risk;
    - the settlement risk;
    - the concentration risk.

With reference to the structure of the delegations on market risk, the assumption of the latter is delegated:

- in cases of urgency, to the Chairman of the Board of Directors who may decide without limits on the amount or risk, on the proposal submitted by the Risk Monitoring Committee, which in any case presents to the aforementioned Body the potential risk of the investments to be acquired;
- on an ongoing basis, to the Chief Executive Officer - General Manager, and to the Finance and Treasury Department.

Market risk measurement

For the purposes of quantifying the mandatory capital requirements, the Group measures market risks according to the standardised methodology envisaged by the supervisory provisions.

For operational purposes, the measurement of market risk relates to the construction of a measure, whether overall on the entire trading portfolio and/or on the investment segment (bond, equity, currency, etc.), indicative of the risk deriving from investment activity in financial instruments (so-called "VaR models").

The information supporting the measurement of market risk concerns:

1. the market value (of the prices) of the positions taken by the units responsible for carrying out the investment activity (market value means the official trading price at which a financial instrument is listed);
2. the sensitivity of the market value of the aforementioned positions to changes in the reference risk factor (sensitivity means the percentage change in the market value as the risk factor changes);
3. the volatility of the risk factor relevant to the individual positions (i.e. the change in the risk factor);
4. the protection interval (of confidence) desired by the Group indicative of its risk aversion;
5. the reference time horizon over which the plan is to carry out the estimate of the risk connected with the cited positions, indicative of the holding period of said financial instrument;

6. the correlations between market/risk factors of the same type (interest rates for different maturities or exchange rates for different currencies) and the correlations between risk factors of different types (interest rate risk, exchange rate risk, equity risk).

The measurement and monitoring of market risk, in compliance with the above criteria and with reference to the information listed above, is carried out:

1. on an ongoing basis by the Finance and Treasury Department to verify compliance with the limits assigned to it;
2. by the Risk Management Service on the basis of information supports prepared by the same. In addition, the Risk Management Service, in collaboration with the Finance and Treasury Department, updates the measurement of market risk for new products or for changes in existing ones;
3. periodically, by the Financial Statements, Taxes and Management Control Department that assesses the adequacy of capital allocation in relation to the securities segment as well as the return on said capital and thus the achievement of the set out objectives in both operational and profit terms.

The Risk Management Service, after acquiring and processing the information and data necessary for the measurement of market risk:

1. determines the VaR related to the individual positions that make up the portfolio owned by the Group;
2. determines the VaR related to the individual segments (equity, bond, currency, etc.) in which the Group carries out investment activities;
3. determines the VaR related to the individual portfolios/sub-portfolios into which the owned portfolio is divided;
4. determines the VaR related to the overall portfolio owned by the Group;
5. on the basis of the above, it informs the Finance and Treasury Department, the Financial Statements, Tax and Management Control Department;
6. forwards the information referred to in the previous points to the Corporate Bodies involved in the financial process (General Management, Risk Monitoring Committee, Board of Directors, etc.).

Market risk control

The objective pursued by the market risk control activities concerns:

- monitoring of securities operations in terms of maximum potential loss over a reference time horizon and in terms of cumulative loss (stop-loss) for the period;
- communication and transmission of information relating to the risk that the Group is facing;
- timely communication to the competent Corporate Bodies of the any critical issues.

The task of controlling the market risk in terms of compliance with the limits defined for the owned portfolio and for the portfolios and/or segments (maximum tolerable loss in the period in question - VaR limit, cumulative loss for the period and allocated capital limit) is delegated to:

- the Finance and Treasury Department as regards the overall limits within which the Service may assume market risks, considering the risks assumed by the individual units belonging to the Service;
- the Risk Management Service, which also produces the reports for the Corporate Bodies and functions involved in the market risk control process.

B.2 Methodological aspects

At management level, the Group uses a VaR model as the main instrument for daily measurement and control of the exposure to market risks of the trading book.

The VaR is a statistical measure that estimates the potential losses caused by the variability of the risk factors to which the trading book is exposed over a predefined time horizon (holding period) and with a specific level of statistical confidence. With regard to the parameters of the model used, the Group measures, following a prudential approach, a VaR with a confidence interval of 99%, over a holding period of one day. The positions subject to VaR calculation are those in financial instruments that can be classified as assets or liabilities belonging to the trading book.

VaR is measured on a daily basis at the level of the overall portfolio of owned securities. At different intervals, an information report is also produced for the Bodies, Top Management and the functions involved in the financial process.

To calculate VaR, the Group adopts the Montecarlo methodology, using historical series with a depth of one year. The historical series that underlies the simulations are updated on a daily basis by entering the most recent data for each series and excluding the most distant observation. The Group has chosen the Montecarlo method because, due to the composition of the proprietary portfolio and the type of operations carried out, it allows a reliable measurement of exposure to risks.

The aggregation of the risk factors and the diversification effect on the portfolio takes place considering the implicit correlations in the historical series of the data used.

The model currently developed covers generic market risks (interest rate risk, price risk and exchange rate risk).

The limits are resolved annually by the Board of Directors and the Risk Monitoring Committee according to their respective responsibilities.

The Group does not currently use an internal model for the management of market risks to determine the prudential capital requirements of the trading book.

1.2 Market risks

1.2.1 INTEREST RATE RISK AND PRICE RISK - REGULATORY TRADING BOOK

Quantitative information

1. Regulatory trading book: breakdown by residual duration (repricing date) of on-balance sheet financial assets and liabilities and financial derivatives

Currency of denomination: EURO

Type/Residual duration	Demand	Up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 5 years	Over 5 years up to 10 years	Over 10 years	Indefinite duration
1. On-balance sheet assets	98	569	-	2	16,037	7,137	-	-
1.1 Debt securities	98	569	-	2	16,037	7,137	-	-
- with early repayment option	-	569	-	-	1,477	304	-	-
- other	98	-	-	2	14,560	6,833	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance sheet liabilities	-	-	-	-	-	-	-	-
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other								
+ Long positions	130	-	-	-	-	-	-	-
+ Short positions	-	130	-	-	-	-	-	-
3.2 Without underlying security								
- Options								
+ Long positions	4,806	2,208	6,031	5,130	14,863	22,406	-	-
+ Short positions	4,806	2,208	6,031	5,130	14,863	22,406	-	-
- Other derivatives								
+ Long positions	-	2,856	-	-	-	-	-	-
+ Short positions	-	2,020	-	-	-	-	-	-

1. Regulatory trading book: breakdown by residual duration (repricing date) of on-balance sheet financial assets and liabilities and financial derivatives

Currency of denomination: OTHER CURRENCIES

Type/Residual duration	Demand	Up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 5 years	Over 5 years up to 10 years	Over 10 years	Indefinite duration
1. On-balance sheet assets	-	-	-	-	-	-	-	-
1.1 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-
2. On-balance sheet liabilities	-	-	-	-	-	-	-	-
2.1 Repurchase agreements	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-
3. Financial derivatives								
3.1 With underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security								
- Options								
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives								
+ Long positions	-	2,023	-	-	-	-	-	-
+ Short positions	-	2,855	-	-	-	-	-	-

In consideration of the residual nature of the amounts in currencies other than the euro, they were all aggregated in the above table.

The effect of a change in interest rates of +/- 100 basis points on the net interest income, operating income and shareholders' equity is described below.

Risk exposure due to a change in interest rates of +100 basis points.

a. effect on net interest income in the following	Euro 0 thousand
b. effect on profit for the year:	Euro (936) thousand
c. effect on shareholders' equity:	Euro 0 thousand

Risk exposure due to a change in interest rates of - 100 basis points:

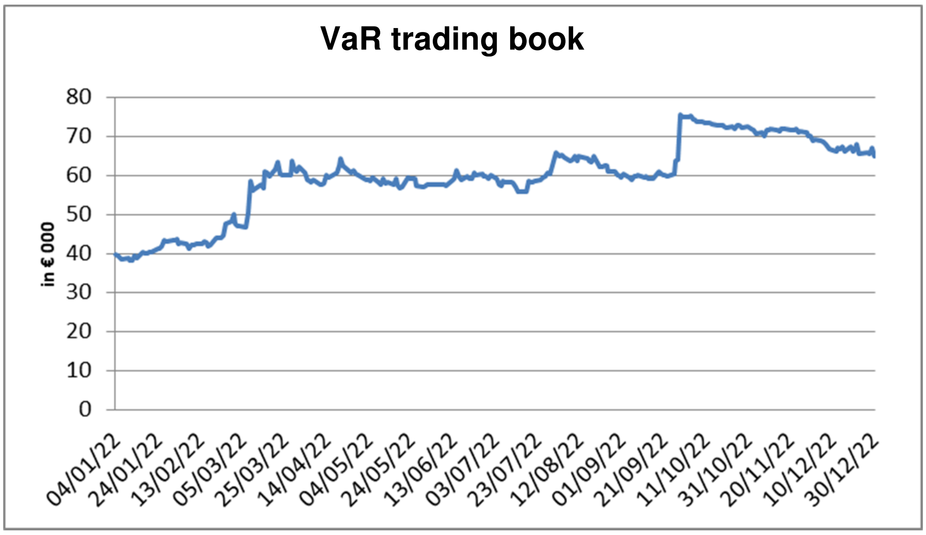
a. effect on net interest income in the following	Euro 0 thousand
b. effect on profit for the year:	Euro 986 thousand
c. effect on shareholders' equity:	Euro 0 thousand

2. Regulatory trading book: breakdown of exposures in equity securities and equity indices for the main countries of the quotation market

Type of transactions/Quotation index	Listed						Not listed
	0						
	ITALY	UNITED STATES OF AMERICA	UNITED KINGDOM	JAPAN	GERMANY	OTHER COUNTRIES	
A. Equity securities							
- long positions	1,850	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-
B. Purchases and sales of equity securities not yet settled							
- long positions	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-
C. Other derivatives on equity securities							
- long positions	601	-	-	-	966	-	-
- short positions	-	-	-	-	-	-	-
D. Derivatives on equity indices							
- long positions	-	-	-	-	-	-	-
- short positions	-	-	-	-	-	-	-

3. Regulatory trading book: internal models and other methods for sensitivity analysis

The attached table shows the trend in the year of risk in terms of Value at Risk (VaR) (Montecarlo method) on the asset positions in the Regulatory trading book, limited to the exposure in securities. The measurement is based on a 99% confidence interval and a holding period of 1 day.



VaR values in the last 12	Euro 000
Start of period:	40
End of period:	65
Maximum:	76
Minimum:	38
Average:	60

Starting from the third quarter of 2022, the Parent Bank began to monitor the trend in the year of risk in terms of Value at Risk (VaR) on the active positions in the Regulatory Trading Book both in relation to the Book of the Subsidiary CiviBank and at Group level.

The balances at the end of December 2022 at Group level are shown below:

Group VaR values:	Euro 000
31.12.2022:	72

1.2.2 Interest rate risk and price risk - Banking book

QUALITATIVE INFORMATION

General aspects, management processes and measurement methods for interest rate risk and price risk

The structural interest rate risk (so-called "interest rate risk in the banking book" or "IRRBB") is the risk of suffering a reduction in the value of equity or a decrease in the net interest income deriving from the impact of adverse changes in interest rates on asset and liability items other than those allocated to the regulatory trading book. The regulatory banking book is defined as residual with respect to the trading book and therefore includes all positions not included in the supervisory trading book. Therefore, the banking book includes:

a) assets and liabilities generated by treasury operations and therefore interbank deposits given and received, repurchase agreements, etc. (discretionary interest rate risk);

b) assets and liabilities generated by transactions with ordinary customers (retail and corporate); in this case, the risk is strictly related to the commercial policies of funding and lending and therefore to the "structure" of the financial statements (interest rate risk of a structural nature);

c) financial assets other than those held for trading.

The sources from which this risk originates can be identified in the negative events that mainly impact the credit, funding and finance processes.

Interest rate risk mainly takes the form of:

- "rate revision risk", related to the time mismatches in the maturity or revision date of the rate of assets, liabilities and off-balance sheet items;
- risk deriving from changes in the inclination and shape of the interest rate curve (so-called "yield curve risk");
- base risk, deriving from an imperfect correlation in the adjustment of lending and borrowing rates on different instruments but with otherwise similar price revision characteristics;
- "risk arising from option rights" deriving from options, including embedded options which give the counterparties the possibility of early repayment of the amount due to or by the Parent Bank and/or revision of the economic conditions regarding the rates applied.

The price risk of the banking book is mainly represented by equity investments, UCITS units and other securities held for investment purposes.

A.1. Interest rate risk management processes and measurement methods

A.1.1 Organisational aspects

The Group's interest rate risk management process, with reference to the banking book, consists of the following phases:

Risk management policy

The objective of the risk management policy is the implementation of short and long-term strategic guidelines, in order to quantify the resources to be allocated in the financial loans and investments segment in terms of exposure to interest rate and price risks of the overall banking book in terms of the volatility of the net interest income and the economic value of the shareholders' equity. The quantification of the resources to be allocated to the aforementioned segments is carried out, taking into account both the aforementioned market risks (in terms of interest rate risk, share price risk, exchange rate risk) and liquidity risk, on the basis of the results deriving from the analyses carried out on the forecasts regarding the trend of the main macro-economic variables, the main reference markets, national and international monetary policies, the characteristics of the company financial structure, the characteristics of the banking book, public restrictions and supervisory regulations.

Decisions on interest rate risk management are taken by the Risk Monitoring Committee.

Risk measurement

The interest rate risk measurement phase involves the construction of an indicative measure of the risk deriving from the composition, structure and characteristics of the banking book.

Exposure to interest rate risk is expressed in two different perspectives: in the volatility of the economic value of the shareholders' equity and in the volatility of the net interest income or profits. Measurements take place both in the normal course of business and under stress assumptions. The risk of changes in the economic value of the shareholders' equity is determined through the shift sensitivity approach and the change in the present value of the shareholders' equity. The risk that expected and unexpected changes in market interest rates have negative impacts on the net interest income or profits is determined by recalculating the interest or profits deriving from the delta of the market curves used.

The risk measurement is carried out by the Risk Management Service, which also produces the reports for the Corporate Bodies and functions involved in the process of managing the structural rate risk.

Risk control

The risk control phase is carried out by the Risk Management Service. The system of limits on risks for structural interest rate risk provides for the monitoring of limits and indicators relating to the impact of rate shocks.

Risk control is also carried out periodically by Internal Audit and by the units involved in the structural interest rate risk management process to verify:

- the adequacy and functionality of the financial process;
- compliance with the rules and criteria established on risk management;
- the proper performance of the activities and controls set up to monitor risks;
- any critical issues to be removed promptly.

A.1.2 Methodological aspects

The Group's Asset & Liability Management system measures its exposure to structural interest rate risk.

Periodically, the Parent Bank carries out simulations on the net interest income through the ERMAS procedure, applying different forecast scenarios on market rates. The simulations also take into account particularly adverse scenarios, quantifying the impact of a change in interest rates deviating from current forecast expectations in combination with additional stress factors. The shift sensitivity analyses at Group level include estimates of the impacts of applying the standard shocks defined by the Basel Committee and measurements under stress assumptions. In addition, in line with the provisions of the supervisory regulations, the impact of a hypothetical parallel change in rates of +/- 200 basis points on the exposure to interest rate risk is assessed from a current and prospective perspective.

The Group also measures exposure to interest rate risk on the basis of the simplified method provided for by supervisory regulations.

As regards the measurement of the price risk on the positions belonging to the banking book, the Group adopts the same methods applied to the positions of the regulatory trading book.

B. Fair value hedging

ASSETS HEDGING

Starting from March 2010, the risks deriving from the disbursement of floating rate mortgages with "Cap" (maximum limit on the interest rate applied to customers) are hedged against interest rate risk. In particular, if the cap rate provided for in the derivative contract is exceeded, the counterparty is obliged to pay an interest flow equal to the difference between the observed market rate and the rate itself.

For the purposes of defining the "hedging strategy" and identifying suitable instruments, mortgages with similar characteristics are grouped into "portfolios". A derivative contract is stipulated for each portfolio thus created.

Starting from January 2020, interest rate risk is hedged on a set of fixed-rate assets represented by mortgages. For these forms of fair value hedging, macro hedging was chosen. The Parent Bank periodically carries out prospective and retrospective effectiveness tests in order to verify the degree of effectiveness of the hedge created and for the accounting management thereof.

LIABILITIES HEDGING

The interest rate risk on specific bond issues is hedged. In particular, hedging is carried out through the execution of a derivative contract for a single issue. The objective is to "transform" the issue rate into a floating rate linked to the 3 or 6-month Euribor. To this end, an Interest Rate Swap contract is stipulated where the active leg provides for the collection from the counterparty of the coupon to be paid to the bond subscribers, while the passive leg provides for the payment to the same counterparty of the floating rate indexed to Euribor plus or minus a certain spread. Bonds of this type are accounted for by adopting the fair value option and are represented in Item 30 of Liabilities.

As from 1 January 2014, the Parent Bank decided to no longer issue fair value options, but to issue bonds allocated to Item 10.c. of Liabilities or at amortised cost and to hedge the related interest rate risks through OTC derivative contracts, recognising financial instruments in accordance with IAS 39 for the rules of hedge accounting (fair value hedging).

At 31 December 2022, there are no financial liabilities issued by the Parent Bank or by the subsidiary CiviBank and managed under hedge accounting.

1.2.2 Interest rate risk and price risk - Banking book

1. Banking book: breakdown by residual duration (by repricing date) of financial assets and liabilities

Currency of denomination: EURO

Type/Residual duration	Demand	Up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 5 years	Over 5 years up to 10 years	Over 10 years	Indefinite duration
1. On-balance sheet assets	2,133,260	4,639,251	2,385,926	573,780	4,012,087	1,377,997	921,656	-
1.1 Debt securities	910	315,529	1,520,058	312,560	2,587,237	172,300	35,655	-
- with early repayment option	406	71,390	6,909	4,690	62,770	3,836	20,346	-
- other	504	244,139	1,513,149	307,870	2,524,467	168,464	15,309	-
1.2 Loans to banks	1,072,102	109,412	500	401	401	-	-	-
1.3 Loans to customers	1,060,248	4,214,310	865,369	260,819	1,424,450	1,205,697	886,001	-
- current account	705,196	1,306	425	9,997	5,047	407	-	-
- other loans	355,053	4,213,003	864,944	250,822	1,419,403	1,205,290	886,001	-
- with early repayment option	92,244	3,347,043	779,945	214,546	1,328,579	1,155,129	845,348	-
- other	262,809	865,961	84,999	36,276	90,823	50,162	40,654	-
2. On-balance sheet liabilities	9,438,264	1,601,429	524,162	634,413	3,366,618	167,364	30,539	-
2.1 Due to customers	9,404,972	1,499,112	174,343	233,709	653,738	55,290	19,402	-
- current account	9,141,154	103,200	100,786	119,474	382,272	15,516	-	-
- other payables	263,818	1,395,912	73,557	114,235	271,466	39,774	19,402	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	263,818	1,395,912	73,557	114,235	271,466	39,774	19,402	-
2.2 Due to banks	33,217	70,647	325,025	363,132	2,707,542	87,821	11,137	-
- current account	32,442	-	-	-	-	-	-	-
- other payables	774	70,647	325,025	363,132	2,707,542	87,821	11,137	-
2.3 Debt securities	-	31,671	24,794	37,572	5,338	24,253	-	-
- with early repayment option	-	-	-	37,572	337	24,253	-	-
- other	-	31,671	24,794	-	5,001	-	-	-
2.4 Other liabilities	76	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	76	-	-	-	-	-	-	-
3. Financial derivatives	-	390,318	310,635	36,128	168,734	214,469	254,268	-
3.1 With underlying security	-	27	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	27	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	27	-	-	-	-	-	-
3.2 Without underlying security	-	390,291	310,635	36,128	168,734	214,469	254,268	-
- Options	-	165,878	79,193	10,990	79,058	101,262	60,749	-
+ Long positions	-	54,872	50,094	5,383	38,040	46,780	53,396	-
+ Short positions	-	111,007	29,099	5,607	41,018	54,482	7,352	-
- Other derivatives	-	224,413	231,442	25,138	89,676	113,207	193,520	-
+ Long positions	-	213,556	217,974	7,194	-	-	-	-
+ Short positions	-	10,857	13,468	17,944	89,676	113,207	193,520	-
4. Other off-balance sheet transactions	1,210,397	1,123,294	9,612	12,695	299	788	2,861	-
+ Long positions	1,046,751	84,771	9,612	12,695	299	788	2,861	-
+ Short positions	163,646	1,038,523	-	-	-	-	-	-

1. Banking book: breakdown by residual duration (by repricing date) of financial assets and liabilities

Currency of denomination: OTHER CURRENCIES

Type/Residual duration	Demand	Up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 5 years	Over 5 years up to 10 years	Over 10 years	Indefinite duration
1. On-balance sheet assets	24,490	5,017	494	119	6,573	-	-	-
1.1 Debt securities	-	-	-	-	6,532	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	6,532	-	-	-
1.2 Loans to banks	24,294	-	-	-	-	-	-	-
1.3 Loans to customers	196	5,017	494	119	41	-	-	-
- current account	196	-	-	-	-	-	-	-
- other loans	-	5,017	494	119	41	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	5,017	494	119	41	-	-	-
2. On-balance sheet liabilities	36,882	-	-	-	-	-	-	-
2.1 Due to customers	36,882	-	-	-	-	-	-	-
- current account	36,113	-	-	-	-	-	-	-
- other payables	770	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	770	-	-	-	-	-	-	-
2.2 Due to banks	-	-	-	-	-	-	-	-
- current account	-	-	-	-	-	-	-	-
- other payables	-	-	-	-	-	-	-	-
2.3 Debt securities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
2.4 Other liabilities	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-
3. Financial derivatives	-	10,930	16,026	13,957	-	-	-	-
3.1 With underlying security	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	10,930	16,026	13,957	-	-	-	-
- Options	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-
- Other derivatives	-	10,930	16,026	13,957	-	-	-	-
+ Long positions	-	5,465	8,013	6,978	-	-	-	-
+ Short positions	-	5,465	8,013	6,978	-	-	-	-
4. Other off-balance sheet transactions	-	-	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-

In consideration of the residual nature of the amounts in currencies other than the euro, they were all aggregated in the above table.

The effects of a change in interest rates of +/- 100 basis points are described below.

Risk exposure due to a change in interest rates of + 100 basis points:

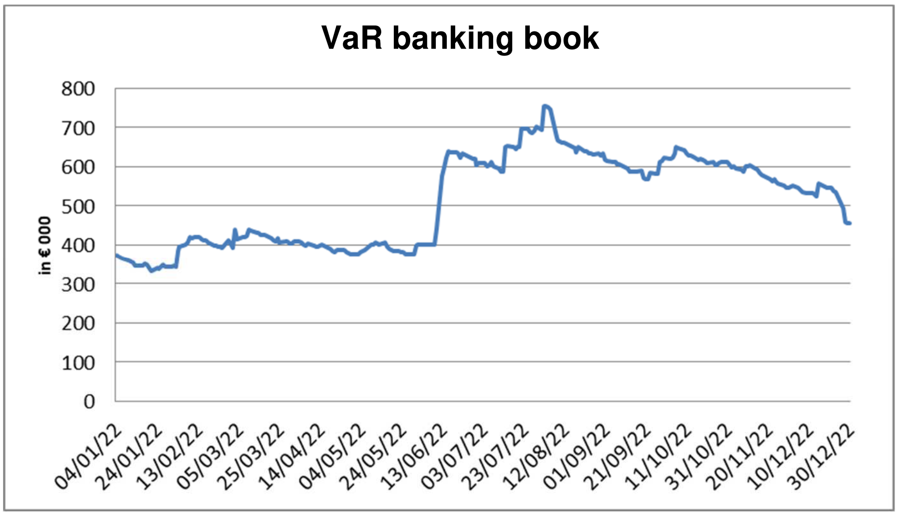
a. effect on net interest and other banking income in the	Euro 18,091 thousand
b. effect on profit for the year:	Euro (40,265)
c. effect on shareholders' equity:	Euro (3,811) thousand

Risk exposure due to a change in interest rates of - 100 basis points:

a. effect on net interest and other banking income in the	Euro (5,583) thousand
b. effect on profit for the year:	Euro 40,054 thousand
c. effect on shareholders' equity:	Euro 3,911 thousand

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

The attached table shows the trend of risk during the year in terms of Value at Risk (VaR) (Monte Carlo methodology) on the asset positions in the banking book, limited to the exposure in securities. The measurement is based on a 99% confidence interval and a holding period of 1 day.



VaR values in the last 12	Euro 000
Start of period:	374
End of period:	455
Maximum:	756
Minimum:	332
Average:	514

Starting from the third quarter of 2022, the Parent Bank began to monitor the trend in the year of risk in terms of Value at Risk (VaR) on the active positions in the Banking Book both in relation to the Book of the Subsidiary and at Group level.

The balances at the end of December 2022 at group level are shown below:

Group VaR values:	Euro 000
31.12.2022:	1,053

1.2.3 Exchange rate risk

QUALITATIVE INFORMATION

A. General aspects, management processes and measurement methods for exchange rate risk

A.1 Sources of exchange rate risk

Exchange rate risk is the risk of incurring losses caused by adverse changes in exchange rates between foreign currencies and the euro in relation to all positions denominated in a foreign currency, both in the regulatory trading book and in the banking book.

The main sources of exchange rate risk are:

1. foreign currency loans and deposits with customers;
2. purchases of securities and other financial instruments in foreign currency;
3. trading of foreign banknotes;
4. collection and/or payment of interest, commissions, dividends, etc.

A.2 Internal exchange rate risk management and control processes

The management processes and measurement methods for exchange rate risk are similar to those indicated for interest rate and price risks.

For the purposes of quantifying capital requirements, the Group adopts the standardised methodology envisaged by the supervisory provisions.

B. Exchange rate risk hedging

In general, the Group's policy is to minimize exposure to exchange rate risk. To this end, foreign currency positions are normally hedged by carrying out funding and/or lending transactions in the same currency.

Quantitative information

1. Breakdown of assets, liabilities and derivatives by currency

Items	Currencies					
	United States dollar	Kuna Croatia	Swiss Franc	Australian dollar	Norwegian krone	OTHER CURRENCIES
A. Financial assets	26,360	1,258	3,205	2,909	962	2,020
A.1 Debt securities	6,532	-	-	-	-	-
A.2 Equity securities	-	-	23	-	-	-
A.3 Loans to banks	14,309	1,258	2,912	2,909	962	1,943
A.4 Loans to customers	5,518	-	271	-	-	76
A.5 Other financial assets	-	-	-	-	-	-
B. Other assets	581	19	827	5	22	289
C. Financial liabilities	26,837	1,248	3,769	2,870	968	1,191
C.1 Due to banks	-	-	-	-	-	0
C. 2 Due to customers	26,837	1,248	3,769	2,870	968	1,191
C.3 Debt securities	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-
D. Other liabilities	571	-	117	-	-	79
E. Financial derivatives	-	-	8,407	-	-	1,167
- Options	-	-	-	-	-	-
+ Long positions	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-
- Other derivatives	-	-	8,407	-	-	1,167
+ Long positions	18,002	-	4,166	-	-	312
+ Short positions	18,215	-	4,241	-	-	855
Total Assets	44,942	1,277	8,198	2,914	984	2,621
Total Liabilities	45,624	1,248	8,127	2,870	968	2,124
Difference (+/-)	(682)	30	72	44	16	497

SECTION 3 - DERIVATIVE INSTRUMENTS AND HEDGING POLICIES

1.3.1 Trading derivatives

A. Financial derivatives

A.1 Financial trading derivatives: notional amounts at the end of the period

Underlying assets/Types of derivatives	Total 31/12/2022				Total 31/12/2021			
	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	-	-	109,348	130	-	-	145,476	-
a) Options	-	-	109,348	-	-	-	127,676	-
b) Swaps	-	-	-	-	-	-	17,800	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	130	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and equity indices	-	-	-	1,567	-	-	1,532	1,094
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	966	-	-	-	966
e) Other	-	-	-	601	-	-	1,532	128
3. Currencies and gold	-	-	41,435	-	-	-	39,638	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	1,270	-
c) Forwards	-	-	41,435	-	-	-	38,368	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Goods	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
Total	-	-	150,783	1,698	-	-	186,646	1,094

A.2 Financial trading derivatives: gross positive and negative fair value - breakdown by product

Types of derivatives	Total 31/12/2022				Total 31/12/2021			
	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	-	-	1,976	-	-	-	3	-
b) Interest rate swaps	-	-	-	-	-	-	147	-
c) Cross currency swaps	-	-	-	-	-	-	33	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	960	-	-	-	495	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	601	-	-	-	384
Total	-	-	2,937	601	-	-	679	384
2. Negative fair value								
a) Options	-	-	25	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	40	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	908	-	-	-	468	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
Total	-	-	933	-	-	-	508	-

A.3 OTC financial trading derivatives - notional amounts, gross positive and negative fair value by counterparty

Underlying assets	Central counterparties	Banks	Other financial companies	Other parties
Contracts not falling under netting agreements				
1) Debt securities and interest rates				
- notional amount	X	106,957	-	2,390
- positive fair value	X	1,976	-	-
- negative fair value	X	-	-	25
2) Equity securities and equity indices				
- notional amount	X	-	601	-
- positive fair value	X	-	601	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional amount	X	20,457	522	20,457
- positive fair value	X	570	-	390
- negative fair value	X	364	-	544
4) Goods				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts falling under netting agreements				
1) Debt securities and interest rates				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Equity securities and equity indices				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Goods				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial derivatives: notional amounts

Underlying/Residual life		Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates		3,714	4,239	101,394	109,348
A.2 Financial derivatives on equity securities and equity indices		601	-	-	601
A.3 Financial derivatives on currencies and gold		41,435	-	-	41,435
A.4 Financial derivatives on goods		-	-	-	-
A.5 Other financial derivatives		-	-	-	-
Total	31/12/2022	45,751	4,239	101,394	151,384
Total	31/12/2021	70,495	7,912	108,240	186,647

1.3.2 Accounting hedges

Quantitative information
A. Financial hedging derivatives
A.1 Financial hedging derivatives: notional amounts at the end of the period

Underlying assets/Types of derivatives	Total 31/12/2022				Total 31/12/2021			
	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	-	-	440,453	-	-	-	252,987	-
a) Options	-	-	22,618	-	-	-	34,960	-
b) Swaps	-	-	417,835	-	-	-	218,026	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
2. Equity securities and equity indices	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
3. Currencies and gold	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
4. Goods	-	-	-	-	-	-	-	-
5. Other	-	-	-	-	-	-	-	-
Total	-	-	440,453	-	-	-	252,987	-

A.2 Financial hedging derivatives: gross positive and negative fair value - breakdown by product

Types of derivatives	Positive and negative fair value								Change in value used to identify the ineffectiveness of the hedge	
	Total 31/12/2022				Total 31/12/2021				Total 31/12/2022	Total 31/12/2021
	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			
Positive fair value										
a) Options	-	-	481	-	-	-	2	-	-	-
b) Interest rate swaps	-	-	60,049	-	-	-	5,586	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	-	-	60,530	-	-	-	5,588	-	-	-
Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	-
b) Interest rate swaps	-	-	-	-	-	-	504	-	-	-
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	-	-	-	-
f) Futures	-	-	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	504	-	-	-

A.3 OTC financial hedging derivatives - notional amounts, gross positive and negative fair value by counterparty

Underlying assets	Central counterparties	Banks	Other financial companies	Other parties
Contracts not falling under netting agreements				
1) Debt securities and interest rates				
- notional amount	X	440,453	-	-
- positive fair value	X	60,530	-	-
- negative fair value	X	-	-	-
2) Equity securities and equity indices				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
3) Currencies and gold				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
4) Goods				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
5) Other				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
Contracts falling under netting agreements				
1) Debt securities and interest rates				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
2) Equity securities and equity indices				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
3) Currencies and gold				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
4) Goods				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
5) Other	-	-	-	-
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC financial hedging derivatives: notional amounts

Underlying/Residual life		Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt securities and interest rates		21,433	89,676	329,344	440,453
A.2 Financial derivatives on equity securities and equity indices		-	-	-	-
A.3 Financial derivatives on currencies and gold		-	-	-	-
A.4 Financial derivatives on goods		-	-	-	-
A.5 Other financial derivatives		-	-	-	-
Total	31/12/2022	21,433	89,676	329,344	440,453
Total	31/12/2021	12,247	51,005	189,735	252,987

1.3 Banking group - Liquidity risk

QUALITATIVE INFORMATION

A. General aspects, management processes and measurement methods for liquidity risk

A.1. General aspects

Liquidity risk is defined as the Group's inability or difficulty to fulfil its payment commitments. In particular, liquidity risk is considered in the following two cases identified as the sources generating liquidity:

- *Funding Liquidity Risk*: i.e. the risk that the Group may not be able to efficiently deal with current and future cash outflows, expected and unexpected, and any collateral requirements, without affecting daily operations or its financial position;
- *Market Liquidity Risk*: i.e. the risk that the Group may not easily sell a position at market prices due to insufficient market liquidity or due to turbulence in the market.

Liquidity risk is measured, managed and controlled based on different time horizons:

- *infra-day* in order to assess the ability to effectively manage its liquidity requirements during the operating day in light of the payments to be made (so-called "intra-day liquidity");
- *"Short-term" (normally up to one year)* in order to assess the adequacy of the assets that can be used to meet any funding requirements (so-called "operating liquidity");
- *"Medium-long term" (usually beyond the year)* in order to assess the financial balance of the Group with particular reference to the degree of transformation of maturities (so-called "structural liquidity").

Liquidity risk can be generated by various factors internal and external to the Group. The identification of these risk factors is achieved through:

- the analysis of the time distribution of cash flows from financial assets and liabilities as well as off-balance sheet transactions;
- the identification:
  - of items that do not have a defined maturity ("demand and revocable" items);
  - of financial instruments that incorporate optional components (explicit or implicit) that may change the size and/or the time distribution of cash flows (for example, early redemption options);

- of financial instruments that by nature determine variable cash flows depending on the performance of specific underlying assets (for example, derivatives);

- the analysis of the level of seniority of the financial instruments.

The processes in which the Group's liquidity risk originates are mainly represented by the Finance/Treasury, Funding and Credit processes.

Impacts deriving from the COVID-19 pandemic

In 2022, the COVID-19 pandemic did not produce significant impacts on liquidity risk. The policies implemented by the Cassa di Risparmio di Bolzano Group in 2021, aimed at maintaining a sufficient level of liquidity to absorb any adverse scenarios, guaranteed the Group an adequate amount of liquidity reserves throughout 2022.

As announced by the European Central Bank (ECB), in July 2022 a first adjustment was made relating to the reduction of the haircuts applied to the ABACO Collateralised Bank Assets allocated against TLTRO-III loans. This reduction in haircuts was one of the measures introduced in April 2020 by the ECB in response to the economic and financial crisis caused by the Coronavirus pandemic. However, this did not lead to tensions due to the high level of liquid assets held by the Group. The second adjustment will take place in July 2023, when the haircuts will be brought back to pre-April 2020 levels. Also for this year, the Group has seized the opportunity offered by tiering (liquid balances of banks with the ECB up to an amount 6 times that of the minimum mandatory reserve are remunerated at the rate of 0%) until the change in the ECB's monetary policy in June 2022 by carrying out short-very short-term MTS Repo transactions.

Impacts deriving from the Ukrainian-Russian conflict

With the improvement of the health context and with a now consolidated management of the pandemic by governments, no critical issues directly related to COVID-19 emerged. However, 2022 was a particularly bad year for the financial markets; the factors that mainly influenced the markets, in addition to China's zero COVID policy and the consequent contraction of its economy, are the highly restrictive policy of the Central Banks and the Russian-Ukrainian conflict with repercussions in terms of inflation, supply chains and economic growth.
In order to consider this current geo-political context, in 2022 the Group closely monitored the liquidity profile in order to carefully identify and assess potential impacts.

A.2. Management processes and measurement methods for liquidity risk

A.2.1 Organisational aspects

In compliance with the supervisory provisions issued in this regard, the Group has defined the organisational and procedural controls for the supervisory provisions on the governance and management of liquidity risk. In particular, the regulation of the liquidity risk management process was defined, dividing it into the following phases:

- identification of liquidity risk;
- measurement of liquidity risk: in a context of "normal course of business" and in the event of stress;
- detection and monitoring of "early warning indicators";
- recognition of encumbered assets;
- liquidity risk monitoring;
- liquidity risk prevention/mitigation: definition and updating of operating limits, funding plan, funds transfer pricing system, escalation procedures for operating limits and risk indicators, Contingency Funding and Recovery Plan, plan to restore compliance with liquidity requirements;

- liquidity risk reporting and communication.

In compliance with the above-mentioned regulation, the methodological and organisational profiles for the measurement, management and control of liquidity risk are defined and formalised in the internal regulations in compliance with the aforementioned supervisory provisions. These regulations concern:

a) the methodological profiles for measuring both short-term and structural liquidity risk, which govern in detail the components to be considered and the related treatment, as well as the ratios and indicators to be quantified to determine the exposure to the aforementioned risk. In this regard, it should be noted that the measurement is carried out separately by adopting an approach:
   - "static", i.e. considering only transactions already in place at the measurement date, including forecast transactions. The Risk Management measures short-term liquidity risk on a daily basis, while structural liquidity risk is usually measured on a monthly basis;
   - "in the event of stress", i.e. in the case of particularly adverse unexpected scenarios that determine an increase in exposure to liquidity risk;

b) the methodological profiles concerning the system of "warning indicators" which governs the set of indicators (or "early warning indicators") adopted for the purpose of qualifying the reference operating context and the activation of the emergency plan. For each indicator adopted, the algorithm for the periodic valuation, the information sources to be used, the monitoring frequency and the company functions responsible for calculating the same indicators are explained. In this regard, to be noted is that, for each indicator, the ranges of values to be adopted for the qualification of the operating context are defined and updated by the Risk Monitoring Committee also to take into account the evolution of the context in which the Group operates.
   The Risk Management Service is responsible for the overall monitoring of the system of early warning indicators. In the event that the values assumed by one or more early warning indicators qualify the reference operating context as a "stress situation", the Risk Management Service provides a specific report to the Chief Executive Officer -General Manager, taking into account the analyses carried out by the Risk Management Service and the Finance and Treasury Department;

c) the emergency plan (known as "Contingency Funding Plan") which governs the management of crisis situations attributable to the market or to specific situations of the Group. The main purpose of the Contingency Funding Plan is to protect the Group's assets in situations of liquidity drain by identifying the strategies to be implemented to manage the crisis and find sources of funding. Specifically, the Plan mainly defines:
   - the process of qualification of the operating context and the external and internal communication procedures, also addressed to the Board of Directors. In particular, due to the deterioration of the liquidity position, the operating context of "stress situation" is envisaged;
   - the parties/Corporate Bodies involved as well as the roles and responsibilities assigned in the event of activation of the emergency plan. The management of the "stress condition" is entrusted to the Risk Monitoring Committee;
   - the potential actions to be taken for the management of a "stress situation" and the estimated timeframe for the activation of the individual measure, in the event that there are no prerequisites for the activation of the Recovery Plan and the consequent adoption of the procedures provided therein.

Risk Management monitors the liquidity profile with reference to the short-term liquidity risk and in relation to the structural liquidity risk, while the measurement of intra-day liquidity risk is carried out by the Treasury Service as part of its daily operations.

The reporting system was also defined, specifying the objectives, content, frequency of preparation and recipients for each report.

The Basel Committee, as part of the Basel 3 framework, has introduced new liquidity requirements that require banks to maintain a minimum level of liquidity to deal with stress situations and ensure a balanced relationship between stable funding sources and loans. For short-term liquidity, the "Liquidity Coverage Ratio" (LCR) indicator was introduced:

This is a short-term liquidity constraint designed to ensure that the Group maintains sufficient high-quality liquid assets to meet liquidity stress situations.

The ratio of high-quality liquid assets to expected net cash outflows over the next 30 days, estimated based on a stress scenario, is required to be greater than 100% at all times (to be met on a consolidated basis in accordance with Article 460 CRR and Article 38 of Delegated Regulation (EU) 2015/61.

It should be noted that the calculation of the LCR in compliance with the provisions set out on a consolidated basis at 31 December 2022 is 187.60% and, therefore, well above the minimum binding requirement.

A.2.2 MEASUREMENT METHODS FOR LIQUIDITY RISK

A.2.2.1 Short-term liquidity risk

The measurement of the exposure to short-term liquidity risk in a normal course of business, aims to qualify the ability to meet its payment obligations in a condition of regular liquidity management. The measurement of exposure to operating liquidity risk is prepared from a current perspective. Exposure to short-term liquidity risk is quantified through the use of maturity brackets (known as Maturity ladder) which make it possible to assess, from both a current and a prospective view, the balance of expected cash flows by comparing the cash inflows and outflows within the same maturity bracket.

For the quantification of short-term liquidity risk, from a current perspective, the Group:

- determines, for each time bracket of the maturity ladder, the inflows and outflows related to on-balance sheet assets and liabilities as well as to off-balance sheet transactions;
- identifies and quantifies the Counterbalancing Capacity (CBC) and the liquidity reserve;
- estimates the availability/requirements relating to the management of the compulsory reserve (ROB).

In quantifying the cash flows for each bracket, reference is made to both the capital and interest profiles. With reference to transactions with a repayment plan, the residual contractual duration of the individual instalments is determined.

The Counterbalancing Capacity is the set of assets that can be sold or used in refinancing transactions (for example, repo transactions) and which therefore make it possible to obtain liquidity over the forecast horizon considered. The assets that can be readily liquidated are included in the Counterbalancing Capacity by reference to the market value net of a haircut.

For each maturity of the maturity ladder, the periodic gaps and the cumulative imbalances are quantified in order to show the net balance of the financial requirement (or surplus).

The imbalances in the bracket are calculated by comparing the cash inflows and outflows, allocated in the same time bracket. Otherwise, the cumulative imbalances for each bracket of the maturity ladder are determined as follows:

$\textit{Cumulative gap}_{0,t} = [(\text{Cash inflows}_{0,t} - \text{Cash outflows}_{0,t}) + \text{Total liquidity reserves}_{0,t}$

Exposure to liquidity risk, in addition to the normal course of business, is also measured under stress conditions. The "stress tests" are techniques through which it is possible to assess the impact of negative events on the exposure to risk and on the adequacy of the liquidity reserves in terms of quantity and quality.

In order to carry out the "stress tests", the "risk factors" are identified in advance, i.e. the variables whose performance may worsen the exposure to risk. The set of variables considered in the "stress tests" define the adverse scenario.

With reference to the stress tests related to short-term liquidity risk, they are distinguished on the basis of the nature of the causes that determine the stress condition. In particular, stress situations are considered separately:

- of an "idiosyncratic" nature, i.e. attributable to causes specifically attributable to the Group or to the individual Entity;
- "systemic" in nature, i.e. connected to a situation of instability in the monetary and financial markets.

The assumptions underlying the scenarios are considered realistic but, at the same time, adequately conservative with reference to the severity and duration of the simulated shock. The duration of the scenario concerns the time horizon in which the stress situation occurs.

The Parent Bank carries out a monthly stress test on operational liquidity by calculating the Liquidity Coverage Requirement (LCR), which is aimed at strengthening the short-term profile of liquidity risk by ensuring that the Parent Bank has a sufficient level of liquidity reserves to overcome an acute 30-day stress situation.

The LCR indicator is measured on a quarterly basis with a view to stress, analysing the impact deriving from adverse events and scenarios on the indicator itself.

A.2.2.2 Structural liquidity risk

The measurement of structural liquidity risk, in a context of the normal course of business, aims to identify any structural imbalances between assets and liabilities due beyond one year. The quantification of the exposure to structural liquidity risk is necessary in order to prevent and manage the risks deriving from a high transformation of maturities avoiding the emergence of situations of future liquidity tension.

The medium/long-term liquidity risk measurement method is based on an approach that compares cash inflows and outflows for each maturity ladder. In particular, the maturity ladder is constructed:

- by identifying one or more brackets with a maturity of less than one year;
- by adopting, for longer maturities, a number of brackets at least equal to that provided by supervisory regulations for the calculation of the exposure to interest rate risk on the Banking book;
- by setting a specific bracket for items that are not subject to disbursement and items of indefinite duration respectively.

For the calculation of structural liquidity risk, the following are considered:

- the technical forms that provides for a specific contractual profile by maturity (e.g. loans to customers, bond loans);
- demand items that do not have a contractual maturity profile (current accounts receivable and payable, demand deposits);
- other technical forms that by nature do not have a contractual profile by maturity (equity items, provisions for risks and charges, equity securities, UCITS, property, plant and equipment, etc.).

The technical forms with a contractual maturity profile are placed, based on said maturity, in the relevant maturity brackets of the maturity ladder. As regards on-demand items concerning both funding and loans to customers, the model used makes it possible to identify:

- a structural component, i.e. the amount that is considered "stable" over time and, therefore, to be placed in the "indefinite" range;
- a non-structural component, i.e. the amount that is considered "volatile" over time and, therefore, to be placed in the maturity bracket according to a specific time profile that reflects the expected incoming/outgoing cash flows.

As regards the monitoring of the Group's structural liquidity position, the Net Stable Funding Ratio (NSFR) is also calculated at management level. This indicator identifies the ratio of Available Stable Funding (available amount of stable funding) to Required Stable Funding (necessary amount of stable funding).

It should be noted that the calculation of the NSFR in compliance with the provisions, set out on a consolidated basis at 31 December 2022 is 120.89%, well above the minimum binding requirement (100%) that came into effect in June 2021.

B. Evolution of exposure to liquidity risk

During the year, the Group implemented a number of initiatives aimed at limiting its exposure to liquidity risk. As part of the 2023 Funding Policy, the Group has identified specific initiatives aimed at:

- guaranteeing an amount of liquidity reserves in order to maintain levels well above the required regulatory requirements;
- setting up a buffer to face the risk of any significant outflows of deposits as well as supporting loans to customers;
- the diversification of funding sources;
- offsetting the completion of the return to pre-pandemic monetary policy measures (ECB haircut collateral).
- facing the return to restrictive monetary policies by the ECB.

The Group's exposure to unexpected cash outflows mainly concerns:

- liability items that do not have a defined maturity (primarily current accounts payable and demand deposits);
- liabilities at maturity (certificates of deposit, term deposits) which, at the request of the depositor, can be repaid in advance;
- its own bonds listed on the HiMTF market, for which the Group has undertaken a commitment to repurchase;
- the margins available on the credit lines granted.

Furthermore, the exposure of the Group to the impacts due to moratoria and non-repayment of loans granted is specified.

Recourse to refinancing with the ECB at 31 December 2022 amounted to Euro 3,237.35 million and is represented by funding from the participation in the lending operations called Targeted Long Term Refinancing Operations (TLTRO-III).

At 31 December 2022, the Group had a large amount of liquid assets that was largely sufficient to meet its liquidity requirements, even in the event of stress. In fact, at the aforementioned date, the LCR indicator has a value well above that required by the mandatory requirements. The Group's liquid assets are represented almost exclusively by securities issued by the Italian government and by the amount of exposure to the Central Bank. From a structural point of view, the Group, at 31 December 2022, has a structure by maturity brackets that is sufficiently balanced in that it has a stable amount of funding sufficient to balance medium/long-term assets. In particular, with reference to the maturity profile, the amount of medium/long-term assets, represented mainly by mortgages and loans to customers, is balanced by stable funding, represented not only by assets, but also by medium/long-term liabilities and on-demand liabilities which, however, show high stability rates based on contractual characteristics and depositors.

With regard to the concentration of funding sources at 31 December 2022, it should be noted that:

- the incidence of deposits from the top 10 non-banking counterparties on total deposits from ordinary customers was 8.21%;
- the ratio of retail funding to total funding used in the calculation of the LCR indicator is 66.44%;
- the ratio of the amount of certificates of deposit, term deposits and bonds maturing for each of the following 12 months to the total of the same outstanding instruments is limited and in any case never exceeds 7.70%.

On 1 January 2016, the MREL (minimum requirement for own funds and eligible liabilities) legislation came into force, which requires credit institutions to keep in circulation a certain amount of their own financial instruments potentially subject to bail-in. By means of a provision dated 3 June 2022, the Bank of Italy communicated the MREL requirement to the Group. The requirements are defined in relation to the RWAs (9.25%) and to the total exposures for the Leverage ratio (3.00%).

1.4 - Liquidity risk - management processes and measurement methods for liquidity risk
Quantitative information

1. Time breakdown by residual contractual duration of financial assets and liabilities

EURO

Items/Time brackets	Demand	Over 1 day up to 7 days	Over 7 days up to 15 days	Over 15 days up to 1 month	Over 1 month up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 5 years	Over 5 years	Indefinite duration
On-balance sheet assets	1,469,943	27,925	16,374	141,094	495,340	588,683	1,220,120	7,278,637	4,584,287	96,430
A.1 Government bonds	1,927	-	1,755	1	13,320	171,138	463,743	3,408,233	496,202	-
A.2 Other debt securities	2,757	-	86	8,084	24,815	3,598	24,542	232,420	142,937	-
A.3 UCITS units	142,240	-	-	-	-	-	-	-	-	-
A.4 Loans	1,323,018	27,925	14,533	133,009	457,206	413,947	731,835	3,637,984	3,945,149	96,430
- Banks	398,054	6,130	-	6,099	800	506	401	401	-	96,430
- Customers	924,964	21,795	14,533	126,909	456,406	413,442	731,434	3,637,584	3,945,149	-
On-balance sheet liabilities	9,429,975	659,438	23,357	543,414	103,505	477,756	616,674	3,558,762	383,259	-
B.1 Deposits and current accounts	9,408,984	80,096	23,344	47,776	87,011	159,684	204,002	588,697	15,521	-
- Banks	32,657	66,040	-	-	-	-	-	1,090	-	-
- Customers	9,376,327	14,056	23,344	47,776	87,011	159,684	204,002	587,607	15,521	-
B.2 Debt securities	-	-	-	29,688	175	25,896	4,122	6,707	64,611	-
B.3 Other liabilities	20,991	579,341	13	465,950	16,319	292,176	408,551	2,963,359	303,128	-
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	130	3,980	82	317	4,031	8,140	7,194	150,000	-	-
- Short positions	-	3,170	82	316	4,153	8,119	7,172	150,000	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	626	-	-	464	901	1,482	2,903	-	-	-
- Short positions	25	-	-	-	14	6	9	-	-	-
C.3 Deposits and loans to be received										
- Long positions	1,038,508	-	-	-	-	-	-	-	-	-
- Short positions	-	1,038,508	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	6	15	-	-	42	-	1,839	15,669	101,954	-
- Short positions	163,902	15	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	10,800	-	-	-	10	59	181	8,970	2,652	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

1. Time breakdown by residual contractual duration of financial assets and liabilities
OTHER CURRENCIES

Items/Time brackets	Demand	Over 1 day up to 7 days	Over 7 days up to 15 days	Over 15 days up to 1 month	Over 1 month up to 3 months	Over 3 months up to 6 months	Over 6 months up to 1 year	Over 1 year up to 5 years	Over 5 years	Indefinite duration
On-balance sheet assets	24,517	197	1,548	157	3,201	504	169	7,448	-	-
A.1 Government bonds	-	-	-	-	44	-	44	7,032	-	-
A.2 Other debt securities	-	-	-	-	15	-	-	375	-	-
A.3 UCITS units	-	-	-	-	-	-	-	-	-	-
A.4 Loans	24,517	197	1,548	157	3,142	504	125	41	-	-
- Banks	24,331	-	-	-	-	-	-	-	-	-
- Customers	187	197	1,548	157	3,142	504	125	41	-	-
On-balance sheet liabilities	36,883	-	-	-	-	-	-	-	-	-
B.1 Deposits and current accounts	36,883	-	-	-	-	-	-	-	-	-
- Banks	-	-	-	-	-	-	-	-	-	-
- Customers	36,883	-	-	-	-	-	-	-	-	-
B.2 Debt securities	-	-	-	-	-	-	-	-	-	-
B.3 Other liabilities	-	-	-	-	-	-	-	-	-	-
Off-balance sheet transactions										
C.1 Financial derivatives with exchange of capital										
- Long positions	-	3,209	82	306	3,891	8,013	6,978	-	-	-
- Short positions	-	4,040	82	306	3,891	8,013	6,978	-	-	-
C.2 Financial derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and loans to be received										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.4 Irrevocable commitments to disburse funds										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital										
- Long positions	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-

SECURITISATION OF CREDITS - SPARKASSE

On 1 July 2009, 1 November 2011, 1 July 2014 and 1 May 2018, pursuant to Law 130/1999, four securitisation transactions were carried out on performing loans (called FANES 1, FANES 2, FANES 3 and FANES 4) transferring without recourse to the specially established special purpose entity Fanes Srl, a portfolio of performing residential mortgages secured by mortgages for Euro 481.9, 575.8, 509.8 and 507.2 million, respectively.

On 1 May 2020, the Bank completed a fifth securitisation transaction (FANES 5) of performing loans, transferring without recourse to the special purpose entity Fanes S.r.l., no longer a portfolio of residential mortgages, but a portfolio of loans disbursed to companies, for an amount of Euro 748.9 million. The issue of the Notes is of the "rump-up" type and therefore allows for subsequent increases in the securitised portfolio for a maximum value of the Senior Notes of Euro 2 billion and for the Junior Notes of Euro 1 billion over a defined period of time which ended on 29 June 2022.

All transactions, carried out with the assistance of the arranger Finanziaria Internazionale S.r.l., are classified as "self-securitisations" as the loans sold are always recorded in the balance sheet assets and the securities issued by the special purpose entity have been fully subscribed, and have the objective of strengthening liquidity control through the availability of securities called ABS (Asset Backed Securities) that can be readily used as collateral for refinancing with the European Central Bank.

In 2016, in 2018 and in 2022, the Bank decided to remodulate and make the securitisations more efficient, closing the first, second and third securitisation respectively, after the latter in 2018 had been restructured (size increase) through the sale of an additional portfolio (consisting of part of the loans repurchased in the context of the unwinding and other residential mortgages disbursed by the Bank, especially in the last two years) of approximately Euro 530 million, and the consequent increase in the nominal amount of the asset-backed securities issued in the context of this securitisation, and opening, again in 2018, the fourth transaction in which the residual receivables of the second and a newly disbursed package were merged.

At the end of 2022, the outstanding issues are summarised below:

FANES 4

Security	Nominal amount	Seniority	Expiry date	External rating	First coupon detachment
IT0005336018	355,900,000	Senior A1	24.12.2061	Moody's Aa3 S&P AA	24.09.2018
IT0005336026	90,000,000	Senior A2	24.12.2061	Moody's Aa3	24.09.2018
IT0005336034	61,315,000	Junior	24.12.2061	-	24.09.2018

It should be noted that on 13 February 2019 the Bank sold the entire amount of the Senior A1 tranche of the Fanes 4 transaction to institutional investors. As the risk profile for the Bank does not change, the transaction maintains its characteristics unchanged, i.e. the underlying financial assets are not derecognised. An item representing the payable to the securitisation special purpose entity is recorded under liabilities, which is reduced from time to time together with the pool factor repayments of the Notes.

FANES 5

Security	Nominal amount	Seniority	Expiry date	External rating	First coupon detachment
IT0005412363	479,300,000 (rump-up to 2,000,000,000) 29.06.2022 increase of 286,515,626	Senior	28.06.2060	DBRS A S&P A+	28.09.2020
IT0005412371	269,583,000 (rump-up to 1,000,000,000) 29.06.2022 increase of 49,307,819	Junior	28.06.2060	-	28.09.2020

On 29 June 2022, the Bank proceeded with a rump-up of the securitised portfolio translated into an increase of Euro 286,515,626 for the Senior notes and Euro 49,307,819 for the Junior notes.

As stated, the "Senior" tranches are used for refinancing transactions, while the "Equity" tranches ("Junior" tranches) that represent the security on which the risk of insolvency weigh are in the portfolio of the Bank.

The securitisation transactions have no impact on customers, who, as required by law, are notified of the transfer of loans.

The Bank, in its role as servicer, continues to manage the payment flows and all other activities related to the normal management of loans, as well as to report to the SPE on the performance of the transactions.

The transactions structured in this way do not constitute securitisation risk pursuant to Pillar 1 and Pillar 2 of Basel 2 regulations.

For all securitised loans, the same management and measurement criteria used for the remaining loans are adopted.

SECURITISATION OF LOANS FOR THE ISSUE OF GUARANTEED BANK BONDS

In 2022, the Bank established a Program for the issue of Covered Bonds (CB) with a maximum amount of Euro 3,000 million. This type of bond is backed by a double guarantee to protect bondholders: on the one hand, by the assets of the issuing bank and, on the other hand, in the event of default, by the segregated assets of a special purpose vehicle, legally independent from the issuing bank and dedicated exclusively to the assumption of guarantees in favour of the CB bondholders. In this regard, the Bank has taken on the controlling interest (60% of the share capital) in the company SPK OBG S.r.l., established specifically to acquire in its segregated assets the assets sold by the Bank and which represent the assets on which SPK OBG S.r.l. issues guarantees to holders of CBs issued by the Bank. The remaining 40% of the share capital is held by a Stichting under Dutch law. The initial portfolio of performing residential mortgages sold by the Bank to SPK OGB S.r.l. in the first half of 2022 amounted to approximately Euro 450 million, whose consideration SPK OBG S.r.l. paid through a subordinated loan granted by the same Bank.

With the structuring of the CB program, the Bank has equipped itself with a highly competitive collection tool that allows, among other things, to adopt a

- an additional medium/long-term funding channel suitable to meet structural financing needs,
- a tool that tends to be easy to place on the institutional market,
- a rapid issue instrument, which can also be refinanced directly by the European Central Bank.

In June, the Bank carried out the first issuance of a Covered Bank Bond with ISIN code IT0005497141 as part of the aforementioned program and with the following characteristics:

- nominal amount: Euro 300 million
- duration: from 8 June 2022 to 8 June 2028, extendable to 8 June 2029
- fixed rate for the entire life of the security equal to 0.5% p.a.
- rating assessment by Fitch Ratings: AA

At least initially, this first issue was fully subscribed by the Bank itself and deposited with the European Central Bank as a pledge for the existing TLTRO-III loans.

SECURITISATION OF LOANS - CIVIBANK

A. Financial assets sold and not fully cancelled

QUALITATIVE INFORMATION

Securitisation transactions

In the framework of the various measures aimed at strengthening the management of liquidity risk exposures, the Bank has carried out securitisation transactions out in order to increase the assets liquidity degree and prudentially increase the availability of financial instruments that can be allocated for funding transactions with the European Central Bank or in any case that can be used as collateral in financing transactions beyond the short-term with institutional and market counterparties. Consistent with these purposes, all the asset-backed securities issued by the SPE established pursuant to Law 130/99 were fully subscribed by the Bank, for the Civitas Spv Srl - RMBS - 2017 and Civitas SPV Srl - SME - 2019 transactions, while for the Civitas Spv Srl - RMBS - 2012 transaction the Bank holds only the Junior securities (consequently retaining, for all three transactions mentioned, the credit risk relating to the underlying loans disbursed). Consequently, since the substantiality of the risks/benefits linked to the transferred portfolio has been retained, the loans were not cancelled from the balance sheet assets. A summary table is provided below for each of the securitisation transactions carried out.

Main Information	
Date of completion of the transaction	February-12
SPE	Civitas Spv Srl
Transaction object	Performing residential mortgages
Banks/Originator Groups	Banca di Cividale S.p.A.
Total original amount of the receivables transferred by	
Banca di Cividale	383 million
RMBS Restructuring	246 million
Total amount of receivables transferred by BDC	629 million
Notes issued, subscribed and held by Banca di Cividale	122 million
of which senior notes	0 million
of which junior notes	122 million
Initial rating of senior notes	AA+Standard&poor's - A1 Moody's
Final balance TQ of notes held at 31/12/2022	122 million
Residual value of receivables at 31/12/2022	179 million

Senior notes rating	AA Standard&poor's - Aa3 Moody's

Main Information	
Date of completion of the transaction	July-17
SPE	Civitas Spv Srl
Transaction object	Performing residential mortgages
Banks/Originator Groups	Banca di Cividale S.p.A.
Total original amount of the receivables transferred by	
Banca di Cividale	253 million
RMBS Restructuring 2018	112 million
RMBS Restructuring 2019	106 million
RMBS Restructuring 2020	147 million
Total amount of receivables transferred by BDC	618 million
Notes issued, subscribed and held by Banca di Cividale	600 million
of which senior a notes	228 million
of which senior b notes	228 million
of which mezzanine securities	51 million
of which junior notes	93 million
Initial rating of senior notes	A Standard&poor's - AA DBRS
Final balance TQ of notes held at 31/12/2022	376 million
Residual value of receivables at 31/12/2022	366 million
Senior notes rating	AA Standard&poor's - AAA DBRS

Main Information	
Date of completion of the transaction	October-19
SPE	Civitas Spv Srl
Transaction object	Performing loans to SMEs
Banks/Originator Groups	Banca di Cividale S.p.A.
Total original amount of the receivables transferred by	
Banca di Cividale	451 million
Total amount of receivables transferred by BDC	451 million
Notes issued, subscribed and held by Banca di Cividale	458 million
of which senior notes	320 million
of which mezzanine securities	50 million
of which junior notes	88 million
Initial rating of senior notes	A Standard&poor's - A+ DBRS
Final balance TQ of notes held at 31/12/2022	259 million
Residual value of receivables at 31/12/2022	236 million
Senior notes rating	A Standard&poor's - AA+ DBRS

Main Information	
Date of completion of the transaction	December-19
SPE	POP NPLs 2019 S.r.l.

Transaction object	Transfer of credit risk to third parties
Banks/Originator Groups	Pool of 12 Banks
Total amount of receivables transferred by Banca di Cividale	50 million
Total amount of receivables transferred by BDC	50 million
Notes issued, subscribed and held by Banca di Cividale	13 million
of which senior notes	13 million
of which junior notes	0.1 million
Initial rating of senior notes	BBB
Final balance TQ of notes held at 31/12/2022	8.7 million
Senior notes rating	BBB

Main Information	
Date of completion of the transaction	December-20
SPE	POP NPLs 2020 S.r.l.
Transaction object	Transfer of credit risk to third parties
Banks/Originator Groups	Pool of 15 Banks
Total amount of receivables transferred by Banca di Cividale*	36.9 million
Total amount of receivables transferred by BDC*	36.9 million
Notes issued, subscribed and held by Banca di Cividale	9.7 million
of which senior notes	9.5 million
of which junior notes	0.1 million
Initial rating of senior notes	BBB
Final balance TQ of notes held at 31/12/2022	6.2 million
Senior notes rating	BBB

(*) the value includes collections of Euro 310 thousand occurred between the date of the cut-off and the date of sale.

Main Information	
Date of completion of the transaction	December-22
SPE	Luzzatti POP NPLs 2022 S.r.l.
Transaction object	Transfer of credit risk to third parties
Banks/Originator Groups	Pool of 15 Banks
Total amount of receivables transferred by Banca di Cividale*	73.7 million
Total amount of receivables transferred by BDC*	73.7 million
Notes issued, subscribed and held by Banca di Cividale	15.1 million
of which senior notes	15.1 million
of which junior notes	<0.1 million
Initial rating of senior notes	BBB+
Final balance TQ of notes held at 31/12/2022	15.1 million
Senior notes rating	BBB+

Section 4 - Operational Risks

QUALITATIVE INFORMATION

A. General aspects, management processes and measurement methods for operational risk

Operational risk is defined as the risk of incurring losses deriving from the inadequacy or malfunction of procedures, human resources and internal systems, or from external events. This category includes, inter alia, losses deriving from fraud, human error, interruption of operations, unavailability of systems, contractual defaults. Operational risk includes legal risk, while strategic and reputational risks are excluded.
Based on the regulatory definition, operational risk, as part of the banking business, is generated across all business processes and is attributable to seven risk categories called "Event type". Specifically, the risk classes are broken down into: internal fraud, external fraud, employment relationships and safety at work, professional obligations towards customers or nature and characteristics of products, damages from external events, failure of IT systems and execution, delivery and management of processes. The outsourced activities also contribute to increasing the exposure to operational risk.
At the regulatory level, to date, the Group measures the capital requirement on operational risk according to the "basic method" envisaged by the prudential supervisory provisions. This methodology consists in applying the 15% "regulatory coefficient" to the relevant indicator defined in Art. 316 of Regulation (EU) no. 575/2013 (CRR).
At management level, the Group has strengthened the organisational and management structure, the relative controls and the reporting methods, adopting an internal system for collecting operational events and implementing a dedicated database. In addition to operational losses, reports also cover operational events with no economic impact.
Based on the scope of definition of operational risk, which also includes exposure to legal risk, and in order to minimise exposure in terms of impact and frequency, the Parent Bank has strengthened its operational risk management oversight through the implementation and monitoring of the Key Risk Indicators (KRIs) dashboard and the performance of Risk Self Assessment (RSA) and, finally, the provision of an online training course.
The KRIs are indicators used by the Group to identify in advance the riskiness of typical banking activities. Within the operational risk framework, they represent the forward-looking component of management, as they anticipate potential increases in exposure to operational risk that could threaten the operational continuity of day-to-day activities and existing projects.
The Risk Self Assessment (RSA), on the other hand, provides Group Management with a tool capable of expressing a qualitative assessment of the process risks identified at Group level. Therefore, it allows to identify, classify and measure the identified risks to which the Group is potentially exposed.
In 2022, the Subsidiary CiviBank implemented the Parent Bank's operational risk management process and will subsequently adopt the Loss Data Collection GRC application in 2023.

Impacts deriving from the COVID-19 pandemic

In the *Loss Data Collection* area, the Risk Management Service has monitored operational events also in relation to the extraordinary costs associated with COVID-19.
According to EBA indications, starting from 2021, in relation to the pandemic event, only the losses incurred in the face of investments and/or extraordinary events (sanitisation of premises, tests for employees, etc.) are recorded in terms of impact from operational risk. As foreseen by the EBA guidelines, the loss event was classified in Event type 6 (Interruptions in operations and system failures/Systems/System unavailability - not necessarily serious).

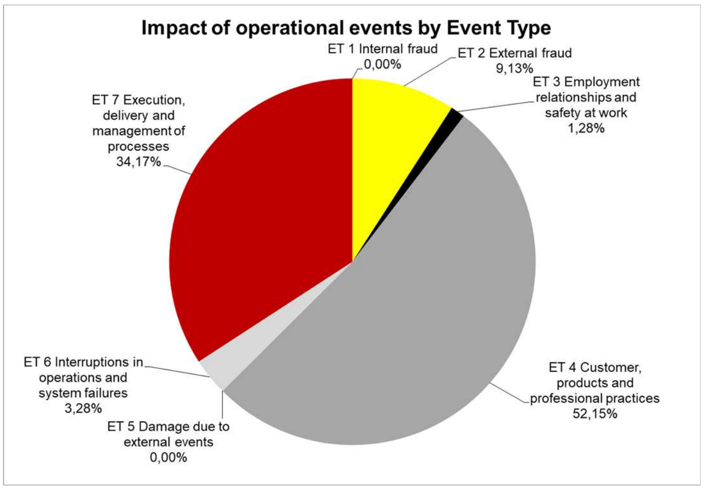
Impacts deriving from the Ukrainian-Russian conflict

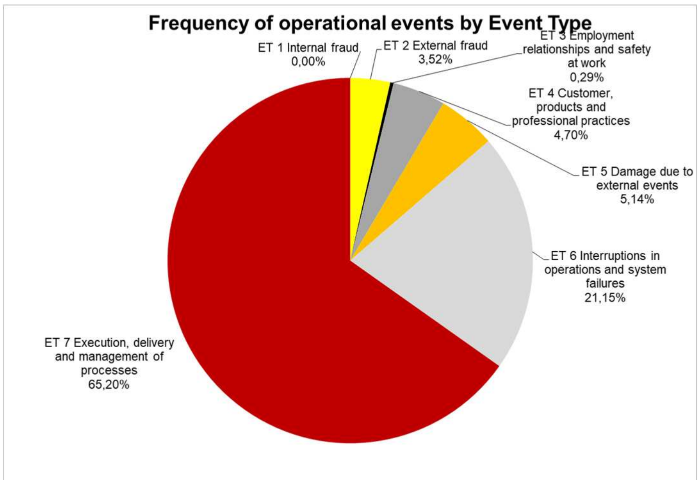
For 2022, no operational events relating to the Ukrainian-Russian conflict were reported.

QUANTITATIVE INFORMATION

The following graphs show the distribution by frequency and economic impact of the operational events of the Banking Group that did not necessarily generate a loss, recorded in 2022 and broken down into the seven regulatory risk categories.

Event type	2022		
	Frequency	Impact	
ET 1 Internal fraud	0	€	-
ET 2 External fraud	24	€	247.669
ET 3 Employment relationships and safety at work	2	€	34.608
ET 4 Customer, products and professional practices	32	€	1.415.170
ET 5 Damage due to external events	35	€	-
ET 6 Interruptions in operations and system failures	144	€	89.100
ET 7 Execution, delivery and management of processes	444	€	927.285
Total	**681**	**€**	**2.713.832**





The breakdown by Event Type shows that the risk classes most impacted in terms of total amount are: "Customers, products and professional practices" and "Execution, delivery and management of processes" which respectively represent 52.15% and 34.17% of the total amount.

In terms of frequency, on the other hand, the most impacted risk classes are: "Execution, delivery and management of processes" (65.20%) and "Interruptions in operations and system failures" (21.15%).

PUBLIC DISCLOSURE

As required by Bank of Italy Circular no. 285 "Supervisory provisions for banks", it should be noted that the information pertaining to the "Public disclosure" and the "Country-by-country public disclosure" is published on the Parent Bank's website www.caribz.it by the deadline set forth by the law.

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CASSA DI RISPARMIO

Part F - Information on Consolidated shareholders' equity

Part F - Information on Consolidated shareholders' equity

Section 1 - Consolidated shareholders' equity

A. Qualitative information

The notion of Shareholders' Equity is used in reference to the share capital and the share premium, net of the reserves for treasury shares repurchased, to the profit and other reserves, including those from valuation, and includes the net profit/loss for the year.

The Group has always paid attention to the management of own capital, through the set of policies and choices necessary so that, through the optimal combination of different capitalisation instruments, the size of the capital is defined so as to ensure that the capital requirements of the Group comply with the limits imposed by regulations and are consistent with the assumed risk profile.

B. Quantitative information

B.1 Consolidated shareholders' equity: breakdown by type of company

Shareholders' Equity items	Prudential consolidation	Insurance companies	Other companies	Consolidation eliminations and adjustments	Total
1. Share capital	485,921		10		485,931
2. Share premiums	190,658		2		190,660
3. Reserves	187,435				187,435
4. Equity instruments	45,228				45,228
5. (Treasury shares)	(9,586)				(9,586)
6. Valuation reserves:	4,629				4,629
- Equity securities designated at fair value through other comprehensive income	8,631				8,631
- Hedging of equity securities designated at fair value through other comprehensive income					
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	(4,327)				(4,327)
- Property, plant and equipment	39,584				39,584
- Intangible assets					
- Foreign investment hedges					
- Cash flow hedges					
- Hedging instruments [non-designated elements]					
- Exchange rate differences					
- Non-current assets and groups of assets held for sale					
- Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)					
- Actuarial gains (losses) on defined benefit plans	(41,387)				(41,387)
- Portions of valuation reserves of equity-accounted investments					
- Special revaluation laws	2,128				2,128
7. Profit (Loss) for the year (+/-) attributable to the group and minority interests	175,384				175,384
Total	1,079,669		12		1,079,681

B.2 Valuation reserves of financial assets measured at fair value through other comprehensive income: breakdown

Assets/values	Prudential consolidation		Insurance companies		Other companies		Consolidation eliminations and adjustments		Total	
	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve	Positive reserve	Negative reserve
1. Debt securities	228	(4,555)	-	-	-	-	-	-	228	(4,555)
2. Equity securities	10,643	(2,012)	-	-	-	-	-	-	10,643	(2,012)
3. Loans	-	-	-	-	-	-	-	-	-	-
Total 31/12/2022	10,871	(6,567)	-	-	-	-	-	-	10,871	(6,567)
Total 31/12/2021	5,133	(2,497)	-	-	-	-	-	-	5,133	(2,497)

B.3 Valuation reserves of financial assets measured at fair value through other comprehensive income: annual changes

	Debt securities	Equity securities	Loans
1. Opening balance	(392)	3,028	-
2. Positive changes	477	7,569	-
2.1 Fair value increases	228	7,162	-
2.2 Value adjustments for credit risk	31	X	-
2.3 Reversal to the income statement of negative realised reserves	218	X	-
2.4 Transfers to other components of shareholders' equity (equity securities)	-	99	-
2.5 Other changes	-	308	-
3. Negative changes	(4,412)	(1,966)	-
3.1 Fair value reductions	(4,049)	(1,952)	-
3.2 Write-backs for credit risk	(49)	-	-
3.3 Reversal to the income statement from positive reserves: realised	(15)	X	-
3.4 Transfers to other components of shareholders' equity (equity securities)	-	(13)	-
3.5 Other changes	(300)	-	-
4. Closing balance	(4,327)	8,631	-

B.4 Valuation reserves relating to defined benefit plans: annual changes

	Reserve
1. Opening balance	(38,695)
2. Positive changes	1,671
2.1 Actuarial gains relating to defined benefit plans	277
2.2 Other changes	1,325
2.3 Business combinations	69
3. Negative changes	(4,363)
3.1 Actuarial losses relating to defined benefit plans	(46)
3.2 Other changes	(4,316)
3.3 Business combinations	-
D. Closing balance	(41,387)

The amounts under "Other changes", as increases and decreases, refer respectively to deferred taxes calculated on the allocation to the reserve and to the actual return of investments for positive changes, and to the interest cost of the underlying management for negative changes.

The actuarial gains or losses referring to the defined benefit plan are shown in point 3.1 of the table.

For further details on the discounting assumptions applied, please refer to Section 10 of Liabilities.

Section 2 - Own funds and bank supervisory ratios

2.1 Scope of application of the legislation

On 1 January 2014, the new harmonised regulations for banks and investment companies contained in Regulation (EU) no. 575 (CRR - Capital Requirements Regulation) of 26.06.2013 and in Directive (EU) no. 36 (CRD IV - Capital Requirements Directive) of 26.06.2013 which transpose in the European Union the standards defined by the Basel Committee for banking supervision (known as Basel 3) entered into force. As part of a complex process of reviewing the supervisory regulations of banks, the Bank of Italy issued Circular no. 285 "Supervisory provisions for banks" of 17 December 2013, which almost entirely replaces Circular no. 263/2006, and with which:

- the national options set out in the CRR were exercised,
- the secondary technical provisions of CRD IV were transposed.

On the same date, the Bank of Italy also issued Circular no. 286 "Instructions for the compilation of prudential reports for banks and real estate brokerage companies" which replaces Circular no. 155/1991 and defines the reporting formats:

- of "harmonised" prudential supervisory reports in compliance with the relevant EBA technical standards: own funds, credit and counterparty risk, market risk, operational risk, large exposures, recognition of mortgage losses, overall capital position, liquidity monitoring and financial leverage;
- of "non-harmonised" prudential supervisory reports: related parties.

On 7 October 2016, the 18th update of the "supervisory provisions for banks" pursuant to Circular no. 285 of 17 December 2013 was published on the official website of the Bank of Italy itself.
The above-mentioned update concerned the amendment of the capital conservation buffer (CCB) requirement set forth in Part One, Title II, Chapter I, Section II of the Circular in question in order to transpose the provisions contained in the EU Directive

no. 36/2013 (CRD IV) as well as to reduce the divergences between national regulations, in line with the action initiated by the Single Supervisory Mechanism (SSM) to minimize the differences in the prudential regulations applicable to banks.
This regulatory measure provides that banks, at both individual and consolidated level, are required to apply a minimum capital buffer ratio of:

- 1.25% from 1 January 2017 to 31 December 2017;
- 1.875% from 1 January 2018 to 31 December 2018;
- 2.5% from 1 January 2019.

This update entered into force on 1 January 2017.
The minimum capital ratios to be complied with for 2022, pursuant to Article 92 CRR, are therefore the following:

- Common Equity Tier 1 capital ratio (CET1 ratio) of 4.5% + 2.5% of the Capital Conservation Buffer (CCB)
- Tier 1 capital ratio of 6.0% + 2.5% of CCB
- Total capital ratio of 8% + 2.5% of CCB.

On 29 March 2021, the Bank of Italy informed the Cassa di Risparmio di Bolzano Group that, taking into account the overall assessment elements available to the Supervisory Authority on the business situation of the banking group, it decided not to adopt a new capital decision as a result of the 2020 SREP cycle.
As a result of the entry into force of IFRS 9, a revision of the prudential rules (CRD/CRR) for the calculation of capital absorption was also envisaged. In this regard, Regulation (EU) 2017/2395 published on 27 December 2017 envisages, as an option, the possibility for financial institutions to adopt a transitional regime where they can reinstate to CET1 the adjustments resulting from the adoption of the impairment model of the new standard, with a "phase-in" mechanism over a period of 5 years starting from 2018; the Bank has adopted the transitional regime (static approach) to measure the impacts of the new standard on regulatory capital. The option for the transitional regime sets forth that the higher allocations deriving from the first application of the standard, net of the tax effect, are excluded from the calculation of prudential requirements, according to a decreasing weighting factor (95% in 2018, 85% in 2019, 70% in 2020, 50% in 2021 and 25% in 2022).
With reference to 31 December 2022, it should be noted that the non-application of the transitional regime envisaged by Art. 473-bis of Regulation (EU) no. 575/2013 would have led to a (negative) impact of -33 bps on CET 1.
It should also be noted that the Cassa di Risparmio di Bolzano Group, on 10 December 2020, forwarded a specific request to the Bank of Italy aimed at obtaining authorisation for the full application of the transitional provisions on IFRS 9 provided for in Art. 473-bis of Regulation (EU) 575/2013 (CRR), as amended by Regulation (EU) 873/2020 of 24 June 2020. Specifically, the authorisation concerns the application of the transitional regime on expected credit losses calculated in accordance with IFRS 9.
By means of a provision of 23 December 2020, the Bank of Italy authorised the Cassa di Risparmio di Bolzano Group to fully apply the above provisions on a separate and consolidated basis.
On 20 September 2022, the Cassa di Risparmio di Bolzano Group communicated to have received from the Bank of Italy, at the conclusion of the annual Supervisory Review and Evaluation Process (SREP) conducted during 2021, the notification of the decision on the prudential requirements to be met on a consolidated basis.
With letter no. 1134751/22 of 22.07.2022, the Supervisory Authority had announced the initiation of the ex-officio procedure relating to the imposition of capital requirements in addition to the minimum capital ratios envisaged by the regulations in force in relation to risk exposure.
The communication received on 22.09.2022 confirmed the quantitative requirements, the qualitative requirements and the recommendations formulated by the Supervisory Authority in the letter of 22 July 2022.
In particular, the Cassa di Risparmio di Bolzano Group will be required to continuously comply with the following capital requirements at consolidated level, without prejudice to compliance with the minimum capital requirement set forth in Art. 92 of Regulation (EU) no. 575/2013:

- Common Equity Tier 1 capital ratio (CET 1 ratio) of 7.70%, consisting of a binding measure of 5.20% (of which 4.50% against the minimum regulatory requirements and 0.70% against the additional requirements determined as a result of the SREP) and for the remainder of the capital conservation buffer;
- Tier 1 capital ratio (Tier 1 ratio) of 9.40%, consisting of a binding measure of 6.90% (of which 6.00% against minimum regulatory requirements and 0.90% against the additional requirements determined as a result of the SREP) and for the remainder of the capital conservation buffer;
- Total capital ratio of 11.75%, consisting of a binding measure of 9.25% (of which 8.00% against the minimum regulatory requirements and 1.25% against the additional requirements determined as a result of the SREP) and for the remainder of the capital conservation buffer.

In order to ensure that the binding measures are respected even in the event of a deterioration in the economic and financial context, the Bank of Italy has also requested that the Cassa di Risparmio di Bolzano Group continuously maintain a Target Component for each of the capital ratios (Pillar 2 Guidance - P2G), against a greater exposure to risk under stress conditions, equal to 1.25%, such as to determine the following capital requirements at consolidated level:

- common equity tier 1 capital ratio (CET 1 ratio) of 8.95%;
- tier 1 capital ratio (Tier 1 ratio) of 10.65%;
- total capital ratio of 13.00%.

In this regard, the Cassa di Risparmio di Bolzano Group reiterates that at 31 December 2022, the CET1 Ratio, Tier 1 Ratio and Total Capital Ratio, calculated according to the transitional regulations (IFRS 9 phased-in), stood at satisfactory values, with an adequate margin compared to the thresholds provided. The level of fully-phased ratios was also higher than the new minimums required at that date.

A. Qualitative information

1. Common Equity Tier 1 capital - CET 1

Common Equity Tier 1 capital is composed of the following positive and negative items:

a. capital
b. share premiums
c. profit reserves and reserves under special revaluation laws
d. valuation reserves in the statement of comprehensive income (OCI)
e. loss for the year
f. portions of profit for the year allocated to reserves
g. any "treasury shares"
h. intangible assets and goodwill
i. deferred tax assets (DTA) to carry forward for tax losses

net of prudential filters and regulatory deductions.

2. Additional Tier 1 capital (AT1)

The AT1 category generally includes equity instruments other than common ordinary shares that meet the regulatory requirements for inclusion of Own funds in this tier of capital.

Additional Tier 1 capital includes the following "perpetual" convertible subordinated liabilities, issued by the Parent Bank at the time of the share capital increase completed in December 2015:

ISIN	Description	Interest rate	Date of issue	Expiry date	Early repayment from	Nominal amount in euro
IT0005136764	CrBz Perpetual convertible	5.50% (in the first five years) 4.674% (in the second five years)*	21.12.2015	perpetual	21.12.2020	45,200,000

*on 21 December 2020, the interest rate was recalculated as required by the Issuance Regulation for the next 5 years on the basis of the 5-year Eur mid-swap rate increased by the initial margin of 513 basis points.

3. Tier 2 capital (T2)

Tier 2 capital is composed of:

- the Tier II convertible subordinated liabilities (Lower Tier II - Callable) at fixed rate, issued at the time of the capital increase concluded in December 2015;
- the Lower Tier II subordinated liabilities issued on 29 December 2017 for a nominal amount of Euro 5 million;
- the Lower Tier II subordinated liabilities issued on 27 September 2018 for a nominal amount of Euro 20 million;
- the Lower Tier II subordinated liabilities issued on 3 October 2022 for a nominal amount of Euro 37 million.

The following table summarises the main characteristics of the issues:

ISIN	Nom. amount in euro	Carrying amount	Date of issue	Expiry date	Interest rate	Contribution to Own Funds
IT0005136756	363,700	337,136	21.12.2015	21.12.2025	Fixed rate at 3.0% until 21.12.2020; for the next 5 years equal to 2.174%*	200,833
IT0005320129	5,000,000	5,001,209	29.12.2017	29.12.2024	Fixed rate at 5.75% for the entire duration of the loan	1,995,505
IT0005345274	20,000,000	17,828,049	27.09.2018	27.09.2028	Fixed rate at 6.00% for the entire duration of the loan	20,000,000
IT0005509960	37,000,000	37,572,076	03.10.2022	03.10.2032	Fixed rate at 6.50% until 03.10.2027; for the next 5 years, the 5-year Eur mid-swap rate increased by the initial margin of 399.3 bps.	37,000,000

*on 21 December 2020, the interest rate was recalculated as required by the Issuance Regulation for the next 5 years on the basis of the 5-year Euro mid-swap rate increased by the initial margin of 263 basis points.

It should be noted that Banca di Cividale in turn issued a lower tier II bond loan for a nominal amount of Euro 7.1 million, which was not included in the previous table since its contribution to consolidated own funds is considered equal to zero, i.e. it is designated in full as minority interests for prudential purposes.
Following the authorisation request sent on 22 September 2022 to the Bank of Italy, in accordance with Art, 77 and 78 of Regulation (EU) no. 575/2013 CRR and Art. 29 of Regulation (EU) no. 241/2014, with the partial repurchase of instruments eligible for inclusion in Tier 1 and Tier 2 capital, and the subsequent authorisation measure

received by the Bank on 24 October 2022, the Bank is authorised for a partial repurchase of Tier 2 bonds for a maximum ceiling of Euro 0.5 million.

B. Quantitative information

	31.12.2022	31.12.2021
A. Common Equity Tier 1 (CET1) capital before the application of prudential filters	982,350	801,360
of which CET1 instruments subject to transitional provisions		
B. Prudential filters of CET1 (+/-)	(555)	(699)
C. CET1 gross of the elements to be deducted and the effects of the transitional regime (A+/-B)	981,795	800,660
D. Elements to be deducted off CET1	(22,736)	(8,799)
E. Transitional regime - Impact on CET1 (+/-), including minority interests subject to transitional provisions	28,079	31,633
F. Total Common Equity Tier 1 capital (TIER1-CET1) (C-D +/-E)	987,138	823,494
G. Additional Tier 1 capital (AT1) gross of the elements to be deducted and the effects of the transitional regime	52,674	45,200
of which AT1 instruments subject to transitional provisions		
H. Elements to be deducted off AT1		
I. Transitional regime - Impact on AT1 (+/-), including instruments issued by subsidiaries and included in AT1 due to transitional provisions		
L. Total Additional Tier 1 capital (AT1) (G-H+/-I)	52,674	45,200
M. Tier 2 capital (T2) gross of the elements to be deducted and the effects of the transitional regime	73,429	22,783
of which T2 instruments subject to transitional provisions		
N. Elements to be deducted off T2		
O. Transitional regime - Impact on T2 (+/-), including instruments issued by subsidiaries and included in T2 due to transitional provisions		
P. Total Tier 2 capital (T2) (M - N +/- O)	73,429	22,783
Q. Total own funds (F + L + P)	1,113,241	891,477

2.2 Capital adequacy

A. Qualitative information

The Group reviews the aggregates of "Own funds" on a quarterly basis in order to verify their consistency with the assumed risk profile and the adequacy with respect to current and future development plans.

This monitoring is carried out both from a supervisory perspective and for the purposes of determining the free capital, which at the closing date of 31 December 2022 amounted to Euro 486.3 million.

B. Quantitative information

Categories/Values		Non-weighted amounts		Weighted amounts/requirements	
		31.12.2022	31.12.2021	31.12.2022	31.12.2021
A.	RISK ASSETS				
A.1	Credit and counterparty risk	23,988,112	14,481,362	6,825,539	4,950,611
1.	Standardised approach	22,313,948	14,472,087	6,789,670	4,938,052
2.	Methodology based on internal ratings				
	2.1 Basis				
	2.2 Advanced				
3.	Securitisations	1,609,395	9,275	34,563	12,559
4.	Exposures to central counterparties in the form of pre-financed contributions to the guarantee fund	64,768		1,306	
B.	REGULATORY CAPITAL REQUIREMENTS				
B.1	Credit and counterparty risk			543,174	395,044
B.2	Credit valuation adjustment risk			14,814	4,162
B.3	Settlement risk				
B.4	Market risks			7,069	7,239
	1. Standard methodology			7,069	7,239
	2. Internal models				
	3. Concentration risk				
B.5	Operational risk			59,037	35,829
	1. Basic method			59,037	35,829
	2. Standardised approach				
	3. Advanced method				
B.6	Other calculation elements			2,870	1,005
B.7	Total prudential requirements			626,963	443,278
C.	RISK ASSETS AND REGULATORY COEFFICIENTS				
C.1	Risk-weighted assets			7,837,039	5,540,973
C.2	Common Equity Tier 1 capital/Risk-weighted assets (CET1 capital ratio)			12.60%	14.86%
C.3	Tier 1 capital/Risk-weighted assets (Tier 1 capital ratio)			13.27%	15.68%
C.4	Total own funds/Risk-weighted assets (Total capital ratio)			14.20%	16.09%

The table shows in detail the items that contribute to the quantification of "Risk-weighted assets" for the purposes of calculating "Solvency ratios" as regulated by the Basel III regulation introduced as from 1 January 2014.

In the context of the emergency linked to COVID-19, the new Regulation (EU) 2020/873 ("Regulation 873"), approved by the European Parliament, on a proposal by the European Commission, is of specific relevance, with the aim of providing a direct intervention tool to support the real economy.

Specifically, the aforementioned measure, which came into force on 27 June 2020, amends:

- Regulation (EU) no. 575/2013 on the capital requirements of banks ("Regulation 575" or "CRR");
- Regulation (EU) no. 2019/876, which amends Regulation 575 substantially by introducing new regulations on prudential supervision for banks ("Regulation 876" or "CRR II").

The "support" adjustment factor of 0.7619 to be used to reduce the risk-weighted value of exposures to SMEs and the counterparty risk capital requirement Credit Value Adjustment (CVA) have been updated, maintaining the value of 0.7619 for exposures up to EUR 2.5 million and increasing it to 0.85 for exposures above EUR 2.5 million.

Part G - Business combinations

Part G - Business combinations

Section 1 - Transactions carried out during the year

1.1 Business combinations

CASSA DI RISPARMIO DI BOLZANO MERGER TRANSACTION WITH BANCA DI CIVIDALE S.p.A. SOCIETÀ BENEFIT

On 6 June 2022, the Public Purchase Offer launched by Cassa di Risparmio di Bolzano, concerning all the ordinary shares of Banca di Cividale S.p.A. - Società Benefit and all the warrants issued by the latter, was successfully concluded.

Following the offer on the shares, a total of 15,488,884 shares, representing 70.6% of the shares subject to the Public Purchase Offer and 58.5% of the share capital of CiviBank, were transferred. Considering that Sparkasse already directly held a total of 4,521,925 ordinary shares of the issuer, equal to 17.1% of the share capital of CiviBank, based on the results of the Public Purchase Offer, Sparkasse holds a total of 20,010,809 ordinary CiviBank shares, equal to 75.6% of the share capital of CiviBank and 79.1% of the voting rights (net of treasury shares).

With reference to the warrants, a total of 9,244,527 warrants, representing 65.3% of the warrants subject to the Public Purchase Offer on the warrants and 58.9% of the total warrants issued by CiviBank and outstanding resulted in the Public Purchase Offer. Therefore, considering that Sparkasse directly held a total of 1,557,450 warrants issued by the issuer, equal to 9.9% of the total warrants issued and outstanding, Cassa di Risparmio di Bolzano owns a total of 10,801,977 CiviBank warrants, equal to 68.8% of the total warrants issued and outstanding.

Given the above, following the successful closure of the tender offer, Sparkasse acquired control of CiviBank and the Friulian bank became part of the new Sparkasse group.

Aims and justification for the Sparkasse investment in CiviBank

This CiviBank acquisition transaction is part of the current consolidation scenario in the banking sector. In fact, Sparkasse believes that the pursuit of significant economies of scale related to the increase in intermediaries size represents a critical factor to ensure sustainable growth and profitability, as well as a greater assets to meet difficult market challenges, such as, *inter alia*: (i) the continuing pressure on commercial margins, in a scenario characterised by a persistently low interest rate levels, as a result of the European monetary policies that are forecasted to remain expansive for a prolonged period of time, (ii) the constant pressure to improve production processes efficiency, with a consequent drive to contain operating costs in proportion to the volumes traded, a competitive lever that can only be activated through the achievement of adequate size levels, (iii) the greater digital investments required to ensure an offer in step with technological innovations and the changed habits in customers' use of banking services, mainly represented by omnichannel access methods in digital environments that require constant investments to improve the customer experience and security standards, and (iv) the increasingly stringent and complex regulatory framework, which requires intermediaries to increasingly invest in regulatory control and monitoring functions and to provide constant attention and allocate resources to the updating of company processes and dedicated professional skills.

In this context, Sparkasse exercised the Option Rights and purchase the Unexercised Rights with a view, first of all, to contributing to the full success of the transaction to strengthen the capital of CiviBank, in which it has acquired a significant equity investment. In addition, the increase of Sparkasse's equity investment in CiviBank laid the foundations - from a strategic and long-term perspective - for strengthening the position of the Acquiring Bank in terms of overseeing development of the aforementioned business collaborations and/or possible developments in strategic terms, in line with that disclosed to the market last June.

In this regard, Sparkasse believes it shares a strong affinity with CiviBank in their visions and business model, as they are both dynamic commercial banks with a strong territorial vocation. Both are characterised by robust and stable distribution networks in their respective catchment areas, characterised by a dynamic entrepreneurial market and a prudent propensity for household savings. The two sales networks, though operating in adjacent areas, do not have overlaps and are fully complementary and focused, including in terms of development guidelines, in a geographical area that represents 14% of Italy's gross domestic product with a per capita GDP approximately 15% above the national average (source ISTAT).

The subsequent decision of Sparkasse to promote the Offer was based on the conviction to accelerate the CiviBank's integration into the Sparkasse Group and by facilitating and supporting the pursuit of CiviBank Strategic Plan objectives, with particular reference to the growth of market shares in development guidelines considered to a priority, the expansion of the commercial offer of products and services, the optimisation of lending processes and the risk profile, and the streamlining of production processes, the latter potentially being significantly improved through the greater synergies deriving from the integration and coordination of central functions within the group.

Following the acquisition of control of CiviBank, Sparkasse believes that it will be able to further contribute to strengthening CiviBank's business projects by exploiting its distinctive approach to technological and product innovation, its experience in the development of customer service models, and the credibility and track record of Sparkasse's management team, as demonstrated by the important commercial and financial results achieved over the last five years.

With a view to maintaining and strengthening its presence in the Friuli-Venezia Giulia region and to promote the improved interpretation of territorial characteristics, Sparkasse aims to enhance the CiviBank brand and maintain the latter's adequate lending autonomy and sales opportunities, albeit in an approach based on centralised group supervision of risk governance. At the same time Sparkasse intends to safeguard the corporate autonomy of CiviBank over a wide-ranging time horizon, also beyond that of the CiviBank Strategic Plan, without prejudice to the essential assessments regarding the Sparkasse Group's efficiency objectives and, of course, any indications from the Supervisory Authority.

Sparkasse also aims to promote insight and engagement of the best entrepreneurial and civic expressions of the local Friuli-Venezia Giulia community in the governance of the bank, while enhancing the human capital of CiviBank's employees, who are essential to optimising the vast wealth of relationships with customers.

In Sparkasse's view, from a business, strategic and financial perspective, the transaction will achieve the following objectives:

- the enhancement of an independent banking group for the North-East, with a strengthening of competitive positioning in the Triveneto area, maintaining the CiviBank's corporate autonomy;
- consolidation of the commercial presence in Veneto and scaling of the footprint in Friuli-Venezia Giulia;
- the ability to offer innovative products with a high quality of service through the combination of skills and excellence of the Acquiring Bank and CiviBank;
- the achievement of operating cost synergies and the optimisation of the funding costs (currently estimated at approximately Euro 16.5 million before tax per year when fully operational), deriving from economies of scale and from efficiency improvements to the organisational and commercial structure, as well as potential further benefits in relation to costs and revenues deriving from standardisation of the range of services and products offered, from relative trade and partnership

agreements, and from improvements to service models; these potential further cost and revenue synergies will be analysed and valued in full after the transaction;
- alignment with Sparkasse's best credit and risk management policies;
- maintaining a sound capital base; and
- acceleration of the de-risking of CiviBank assets without charges for shareholders, setting a target for the incidence of non-performing loans and related hedges at the top the risk profiles range within the CiviBank 2021-23 Business Plan time frame levels.

With a view to achieving its business, strategic and financial objectives and with the aim of ensuring immediate income visibility of the benefits of integration and strengthening the quality, solidity and sustainability of the financial statements and future results, Sparkasse, following the acquisition of control of CiviBank, aims to take advantage of the accounting discontinuity associated with the entry of the latter into the Sparkasse Group, allocating significant capital resources and investments in order to:

- enable an important and close derisking of CiviBank through a convergence of Sparkasse's NPE ratio and NPE coverage targets, which are already positioned at the top of the sector;
- promote a rapid and effective process of integration into the Sparkasse Group, including through a fast and secure standardisation of the IT architecture;
- derive benefit from the significant efficiencies deriving from the integration of the main business support functions, at the same time allowing a major generational turnover at Sparkasse Group level, through voluntary early retirement incentives to be activated with utmost attention to coordination and social responsibility in relation to all the reference stakeholders.

Accounting treatment of the transaction

The transaction described above is configured as a Business Combination for the purposes of IFRS 3, having satisfied the conditions required by the standard for the identification of an acquired "business".

IFRS 3 requires that all business combinations that involve the acquisition of control of an entity are accounted for on the basis of the acquisition method.

On the basis of this method, at the acquisition date, the acquirer must allocate the cost of the business combination (so-called "Purchase Price Allocation - PPA") by recognising the assets, liabilities and contingent liabilities at their fair values at that date. Any difference that may arise between the cost of the business combination and the fair value (net of deferred tax effects) of the assets, liabilities and contingent liabilities determines, if positive, goodwill to be recognised under the balance sheet items; if negative, it determines a "badwill" or "negative goodwill", which will be recognised in the income statement as a "profit" deriving from the transaction.

For the purposes of determining the fair value and the allocation of the purchase price, with the support of external experts, the Bank made use of valuation processes and methods characterised by elements of high subjectivity.

IFRS 3 allows the definitive allocation of the cost of the business combination to be made within 12 months from the acquisition date in order to allow the company to acquire the information necessary to measure the fair value of the assets and liabilities transferred.

This possibility is given to the companies in order to adequately reflect the information that the acquirer is not necessarily aware of at the acquisition date.

The PPA process is fundamental for the purposes of determining the RWAs, intangible assets and regulatory capital, as well as the future profitability of the combined entity.

The business combination, as structured, identified Cassa di Risparmio di Bolzano as the acquirer and Parent Bank of the Company Banca di Cividale, as it meets the conditions established by IFRS 10. In particular, the following should be noted:

- Cassa di Risparmio di Bolzano is the entity that transferred the cash and cash equivalents, qualifying as an acquirer according to IFRS3 B14;
- Cassa di Risparmio di Bolzano holds 79,1% of the voting rights in the entity resulting from the acquisition;
- With the shareholders' meeting of Banca di Cividale of 6 June 2022, Cassa di Risparmio di Bolzano appointed the majority of the directors of CiviBank's Board of Directors, equal to 8 directors out of a total 9.

Acquisition date

In a business combination, it is essential to determine the acquisition date, i.e. the date on which the acquirer actually obtains control of the acquired party. The determination of the acquisition date is also important because it is only from the moment control is achieved that the results of the business or of the investee companies acquired are included on a line-by-line basis in the economic and financial situation of the acquirer. It is also the date on which the fair value of the assets and liabilities acquired are measured.
With reference to the transaction in question, the acquisition date was identified as 6 June 2022, i.e. the settlement date of the tender offer through which, against the transfer of the consideration, Cassa di Risparmio di Bolzano acquired ownership of CiviBank shares equivalent to 75.6% of the Bank's share capital (79.1% of the outstanding shares). It is from that date that Cassa di Risparmio di Bolzano acquired control of CiviBank pursuant to IFRS 10.
The acquisition date for the purposes of the PPA was conventionally identified as 30 June 2022, since IFRS 3-BC110 allows the entity to designate as the acquisition date the beginning or the end of the month in which the acquisition took place, unless the events between the two dates involve significant changes in the amounts recognised. In the case in question, Cassa di Risparmio di Bolzano carried out an analysis of the changes between the two dates and believes there are no significant impacts deriving from these assumptions.
Initially, Cassa di Risparmio di Bolzano analysed the significance of any differences deriving from the consolidation at 6 June 2022 (Closing date of the Transaction) compared to 30 June 2022, the reference date of the PPA. Assuming a result in the period 6 June 2022 - 30 June 2022, purged of the extraordinary adjustments on CiviBank's separate financial statements relating to receivables and properties at 30 June 2020, would see the generation of i) a lower Bargain if the acquisition date had been set at 6 June compared to 30 June, deriving from the lower starting Shareholders' Equity (related to the profit generated in the period) and ii) a higher consolidated profit in the assumption of acquisition date set at 6 June compared to 30 June due to the consolidation of the profit for the period achieved by CiviBank. Cassa di Risparmio di Bolzano concluded that the differences were not relevant, considering the non-materiality of the amounts (profit for the period net of extraordinary write-downs of approximately Euro 1 million) and the substantial irrelevance of the impact of the different methods of representation (lower Bargain offset by a higher consolidated profit).
Subsequently, Cassa di Risparmio di Bolzano assessed the significance of any impacts deriving from the valuation of the most significant items subject to the PPA. In particular:
- HTC securities: the difference between the fair value and the carrying amount of HTC securities at 6 June 2022 differs from that recognised at 30 June 2022 at the time of the PPA for Euro 2.6 million. This difference was deemed to be insignificant overall;
- Performing and non-performing loans: the discount rate used to calculate the fair value was inferred through the use of average parameters (risk free, etc.) over a time horizon of 6 months or from specific parameters not subject, however, to frequent updates (MRP, ARP, etc.). This aspect reduces the significance of the impact of the acquisition date on the determination of fair value;
- Property: no impact on the valuation deriving from the difference between 6 June and 30 June;

- Provisions for risks: no new lawsuit or significant update on disputes with "possible" outcome between the two reference dates;
- Intangible assets: the use of indirect funding at 31 May (closest available date to 6 June 2022) would result in a lower Client for approximately Euro 0.6 million (net of the tax effect). The same considerations applied on the discount rate reported in the previous bullet points for the receivables. This amount was considered insignificant.

Determination of the acquisition cost

The Transaction involved the acquisition by Cassa di Risparmio di Bolzano of 15,488,884 shares for a total cost of Euro 100.7 million, paid on 6 June 2022. With regard to the 4,521,925 shares of CiviBank previously held by Cassa di Risparmio di Bolzano, these must be valued as established by IFRS 3 at fair value equal to Euro 6.5 per share and corresponding to the value offered by Cassa di Risparmio di Bolzano at the time of the tender offer. This amount, equal to an additional Euro 29.4 million, will be charged to the acquisition cost.

In addition, the Transaction entailed the acquisition of a total of 9,244,527 warrants for a total cost, paid on 6 June 2022, equal to Euro 1.5 million, charged to the acquisition price. As established by the Offer Document on the warrants acquired, Cassa di Risparmio di Bolzano will have to pay an additional deferred consideration of Euro 0.40 per Warrant, subject to "the Participant in the Offer on the Warrants having complied with all of the following requirements (to be intended as cumulative and not alternative to each other) in the period between the Relevant Date (i.e. 22 March 2022) and 30 June 2024, without interruption:

(a) having maintained all contractual relationships in place at the Relevant Date (i.e. 22 March 2022) with CiviBank (without prejudice to the possible termination of loan agreements ...);

(b) having maintained the status of Active Customer, ..., i.e. that during this period it has carried out at least one transaction on its own initiative ...;

(c) not having been in default with respect to obligations of reimbursement or other nature, towards CiviBank.

The Deferred Consideration for the Warrants can be configured as Contingent Consideration as defined by IFRS 3.39-4 and whose fair value, determined at the acquisition date, must be included in the acquisition cost.

The fair value of the deferred consideration is calculated by multiplying the average customer retention percentage by the number of active customers participating in the takeover bid on the warrants as defined in the Offer Document, equal to 6,401,693, for the price offered at the time of the takeover bid, of Euro 0.40 per warrant. Therefore, the fair value of the Deferred Consideration was estimated at Euro 2.1 million.

At the date of acquisition of the controlling interest, Sparkasse held 4,496,215 ordinary shares in the portfolio of financial assets mandatorily measured at fair value and 25,710 shares in the OCI option equity portfolio for a book value of Euro 23.7 million and Euro 0.2 million, respectively. In accordance with the requirements of IFRS 3.59 App. B64 (p), it should be noted that the revaluation at fair value of these equity investments held before the merger resulted in the recognition of a profit in the income statement of Euro 5,530 thousand and a profit reserve of Euro 32 thousand.

Accounting effects of the PPA

The balance sheet values of the assets and liabilities acquired through the merger at the acquisition date are presented below, with the effects deriving from the provisional purchase price allocation process carried out for the preparation of the half-yearly financial statements as at 30 June 2022 and the final price allocation at the reporting date:

	Asset items	CiviBank 30.06.2022 individual	provisional PPA	adjustment PPA	CiviBank contribution to the consolidation
10.	Cash and cash equivalents	772.9	0.1		773.0
20.	Financial assets measured at fair value through profit or loss	36.7			36.7
	a) financial assets held for trading	4.0			4.0
	b) financial assets designated at fair value	0.0			0.0
	c) other financial assets mandatorily measured at fair value	32.7			32.7
30.	Financial assets measured at fair value through other comprehensive income	131.4			131.4
40.	Financial assets measured at amortised cost	4,614.5	(13.5)	(2.6)	4,598.4
	a) loans to banks	31.0	(0.1)		30.9
	b) loans to customers	4,583.5	(13.4)	(2.6)	4,567.5
50.	Hedging derivatives				0.0
60.	Value adjustment of financial assets subject to macro-hedging (+/-)				0.0
70.	Equity investments	2.3			2.3
80.	Property, plant and equipment	76.4	(14.6)		61.8
90.	Intangible assets	0.1	5.7		5.8
	- goodwill				0.0
100.	Tax assets	61.6	16.8	0.8	79.2
	a) current	3.3			3.3
	b) deferred	58.4	16.8	0.8	76.0
110.	Non-current assets and groups of assets held for sale				0.0
120.	Other assets	86.0			86.0
	Total Assets	**5,782.0**	**(5.5)**	**(1.8)**	**5,774.6**

	Liabilities and shareholders' equity items	CiviBank 30.06.2022 individual	provisional PPA	adjustment PPA	CiviBank contribution to the consolidation
10.	Financial liabilities measured at amortised cost	5,307.9	(1.5)		5,306.4
	a) due to banks	1,214.4			1,214.4
	b) due to customers	4,059.2			4,059.2
	c) securities issued	34.4	(1.5)		32.9
20.	Financial liabilities held for trading	0.7			0.7
30.	Financial liabilities designated at fair value				0.0
40.	Hedging derivatives				0.0
60.	Tax liabilities	1.1	9.8		10.9
	a) current	0.2			0.2
	b) deferred	0.9	9.8		10.7
70.	Liabilities associated with assets held for sale				0.0
80.	Other liabilities	140.7			140.7
90.	Employee severance indemnity	2.8			2.8

100.	Provisions for risks and charges	6.6	0.7		7.3
	a) commitments and guarantees issued	3.5			3.5
	b) pension and similar obligations				0.0
	c) other provisions for risks and charges	3.1	0.7		3.8
110.	Valuation reserves	(2.8)	2.8		0.0
130.	Equity instruments				0.0
140.	Reserves	64.0	(17.5)	(1.8)	44.7
150.	Share premiums	188.5			188.5
160.	Share capital	79.4			79.4
170.	Treasury shares (-)	(7.1)			(7.1)
180.	Profit (loss) for the year (+/-)	0.0			0.0
	Total liabilities and shareholders' equity	**5,782.0**	**(5.6)**	**(1.8)**	**5,774.6**

The following table details the individual items on which the PPA had an impact as well as the determination of the bargain from the comparison between the shareholders' equity of the acquired company, its net asset value after PPA adjustments, the impact of minorities and the purchase price:

PPA accounting effects	PPA 30.06.2022	PPA adjustments	Definitive PPA
Shareholders' equity (100%)	322.1		322.1
Bad loan adjustments	(7.2)	(0.8)	(8.0)
UTP adjustments	(4.1)	(1.9)	(6.1)
PD adjustments	(1.3)		(1.3)
Performing adjustments	23.4		23.4
Adjustments to loans to banks	0.0		0.0
Bonds	1.5		1.5
HTC securities	(24.2)		(24.2)
Allocation to Provisions for risks	(0.7)		(0.7)
Property adjustments	(14.6)		(14.6)
Intangibles	5.7		5.7
Tax effects of fair value adjustments	6.9	0.9	7.8
Net Asset Value	307.4		305.6
Non-controlling interest	(65.0)		(64.6)
Purchase Price	(133.6)	0.0	(133.6)
Bargain Purchase	108.8		107.4

Methods for determining the fair value

With the support of accredited external consultants, the Bank determined the balance sheet balances acquired at fair value on a provisional basis as at 30 June, for the purposes of preparing the half-yearly consolidated financial statements, and definitively as at 31 December. The main assumptions and the process of estimating the fair value for the main balance sheet items are shown below:

- Performing loans:

The portfolio subject to valuation is attributable to medium and long-term operations. As there is no active market for this type of instrument, the Bank adopted an internal valuation model that, in accordance with IFRS 13, was able to replicate the price applied in a regular sale transaction on the market. The currently prevailing method on the market for this valuation is the Discounted Cash Flow (DCF), in which cash flows are discounted at an appropriate discount rate that incorporates the estimate of the main risk factors. The discounted value is estimated as described by the formula:

$$\boldsymbol{Valore\ atteso} = \sum_{t=1}^{n} \frac{CF_t}{(1+r)^t} - Expected\ Loss$$

Where the total expected value was estimated as the difference between:

- sum of cash flows (CF) discounted month by month;
- the Expected Loss (EL) calculated as the product of the residual debt, PD and LGD (in the case of stage 1 applying a 1 year PD and a lifetime LGD while in the case of stage 2 applying lifetime PD and LGD);

and r represents the discount rate equal to the WACC calculated according to the reference market standards for comparable loans. More specifically, the total expected cash flows were determined considering the capital and interest flows, representative of the contractual plan of the individual relationships, adjusted to take into account a component of operating costs based on the secured/unsecured nature of the relationship.

- Non-performing loans:

Similarly to what was done for performing loans, as there is no active market for this type of instrument, the determination of the fair value assumes to replicate the price that would be achieved in a regular market transaction, thus defining a valuation framework as homogeneous as possible with the situations actually found on the market. To this end, a DCF model (the currently prevailing valuation methodology on the market) was applied to the individual accounts, defining some specific characteristics for the different risk classes, differentiating bad loans, on the one hand, and UTPs and Past Due loans on the other. The discounted value is estimated as described by the formula:

$$\textbf{\textit{Valore atteso}} = \sum_{k=1}^{n} \frac{FC_k}{(1+r)^k}$$

Dove:

n	= durata dell'attività finanziaria
FC_k	= flusso di cassa al periodo k
r	= tasso di sconto che riflette il profilo di rischio dei flussi di cassa attesi

With reference to secured bad loans, the method used by the Bank to determine recovery flows is based on the analytical estimate of the Judicial Market Value, i.e. the expected recovery deriving from the sale of the property net of a specific haircut based on the nature of the property (Residential and Non-residential). The Judicial Market Value (JMV) was then allocated to each credit line based on the number of mortgages guaranteeing the property. Lastly, for secured receivables, the recovery timing was estimated on the basis of the average court times. In the case of loans not backed by mortgage guarantees, recovery flows were estimated on the basis of specific average benchmark recovery curves used by players operating in the bad loans market, differentiated on the basis of the type of debtor (Corporate or Retail) and the amount band (Euro 0-100 thousand, Euro 100 thousand -1 million, greater than Euro 1 million) and applied according to the relative default vintage. In addition, corrective factors were envisaged for prudential purposes for the determination of the JMV, the recovery timing for secured loans and the benchmark recovery curves for unsecured loans. Subsequently, for both cases, net cash flows were obtained from the difference between gross recovery flows, servicer fees and legal expenses. Legal expenses were estimated in line with parameters used in comparable transactions, while servicer fees were estimated in line with market parameters. Lastly, the fair value was estimated by discounting net cash flows at the WACC discount rate, assuming a financial structure defined on the basis of a benchmark built on securitised transactions with NPL or NPL/UTP loan types without GACS.

With reference to exposures classified as UTP and Past Due secured, the method used by the Bank to determine recovery flows is based on the analytical estimate of the Distressed Market Value, i.e. the expected recovery deriving from the sale of the property net of a specific haircut based on the nature of the property (Residential and Non-residential). The Distressed Market Value (DMV) was then allocated to each credit line based on the number of mortgages guaranteeing the property. Lastly, to determine the timing for the recovery of secured loans, the Bank used average recovery benchmark times differentiated by the court used by players operating in the PD and UTP loans market. In the case of loans not backed by mortgage guarantees, recovery flows were estimated on the basis of specific average benchmark recovery curves used by players operating in the UTP and Past Due loans market, differentiated on the basis of the type of debtor (Corporate or Retail). Subsequently, for both cases, net cash flows were estimated, obtained from the difference between gross recovery flows, servicer fees and legal expenses. Servicer's fees and legal expenses were estimated in line with market parameters and in the absence of information on the transactions legal status, expenses were applied on a lump-sum basis on the entire portfolio, prudentially assuming that legal procedures are yet to be started. Lastly, the fair value was estimated by discounting net cash flows at the WACC discount rate, assuming a financial structure defined on the basis of a benchmark referred to securitised transactions with NPL or NPL/UTP loan types without GACS.

- Property, plant and equipment:

The valuation of property, plant and equipment is based on on-site valuations carried out by Il punto RE (independent appraiser and expert used by the Sparkasse Group) on the properties owned by CiviBank.

With regard to the properties pursuant to IAS 2, their fair value was estimated to be equal to the book value as at 30 June 2022, as the appraisals carried out show market values that are not significantly different from those in the financial statements.

- Intangible assets:

The Bank carried out analyses aimed at identifying any intangible assets originating from Client Relationships, not already recognised in the financial statements of Banca di Cividale. In the analyses conducted, an activity was carried out to determine the fair value of assets under management through an estimate of the commission income on assets under management and under custody on the basis of the average margins from funding for the 2019-2021 period. Among other parameters for determining the fair value, the estimated churn rate was calculated on the basis of the run-off of indirect funding in the 2020-2021 period, net of the market effect. The churn rate was 14.4%. Lifing curve closed at 87.7% for AuM and 78.4% for AuA. The Cost/income ratio was estimated at 68.3%, constant over the years of the lifing curve. This Cost/income ratio was calculated as the average Cost/Income ratio for the 2019–2021 period, including: (i) personnel expenses and (ii) other administrative expenses in relation to the net interest and other banking income. These parameters were discounted using an estimated Ke of 10.6% consistent with that calculated for the purposes of the valuation of performing loans.

- Direct funding:

In identifying “intangible assets”, an activity was also carried out to determine the fair value of the “core deposits”, i.e. demand deposits, current accounts and savings deposits. The value attributable to these intangible assets is linked to the difference between their cost and the cost of alternative financing sources (e.g. interbank market rates), net of the tax effect and costs attributable to all assets that contribute to the realisation of the economic benefits of Core Deposits. This benefit is therefore linked to the mark-down between the current interbank rate and the average direct funding rate incurred by the bank. In consideration of the low cost of Core Deposits, the only benefit is linked to the recovery of the commissions associated with the Core Deposits acquired (including expenses from customer settlement, fees, etc.); moreover, considering the current interest rate scenario, the benefit linked to the mark-down is zero (average cost in the 2019-2021 three-year period of direct funding from customers equal to 0.43% against a Euribor rate of -0.44%). In light of the considerations highlighted above, the prerequisites for enhancing the Client Relationship component relating to Core Deposits were not identified.

- Contingent liabilities:

As a methodological approach for determining the fair value of contingent liabilities, it has been assumed that for disputes with provisions in the financial statements, therefore with the risk of probable loss, the fair value corresponds to the amount of the provision set aside; for disputes with possible risk, the fair value of the liability was determined as the ratio between the maximum risk in the event of a negative outcome and the probability of a negative outcome. In the absence of an estimate by the lawyer, the probability of a negative outcome was assumed to be 30% as the average between the percentage of remote (10%) and probable (50%) liabilities from a negative outcome.

At the end of the allocation process, the total gross benefit deriving from the acquisition was Euro 107.4 million, recorded as income in the income statement under item "Other operating expenses/income".

With regard to the process of determining fair values, mainly carried out by independent experts, it should be noted that the Bank conducted an analysis aimed at ascertaining the completeness of the revaluation activities and the reasonableness of the activities, methodologies and valuation parameters adopted, as required by paragraph 36 of IFRS 3.

Pursuant to the requirements of IFRS 3.59 App. B64 (q) i, the main effects on the income statement attributable to the acquisition of CiviBank are shown, determined as the impact of the second half of 2022 of the subsidiary and the effects of the PPA and the related temporal release of its components:

- net interest income	62.4 million
- income from services	20.7 million
- financial margin	(4.8) million
- value adjustments for credit risk	(49.3) million
- operating costs	(50.5) million
- income taxes	6 million
- profit (loss) for the year	(15.5) million

Disclosure pursuant to IFRS 3 B64 q ii

In relation to the presentation of the impacts on revenues, profits and losses of the business combination simulating that it took place at the beginning of the reporting period (IFRS 3 B64 q ii.), the disclosure required at the effective date of the business combination is provided below.

Company name	Date of the transaction	Cost of the transaction	Acquired interest	Total revenues (*)	Net profit/(loss) (**)
Banca di Cividale S.p.A.	06.06.2022	133,617	79.10%	123,859	(33,813)

(*) the figure refers to the net interest and other banking income of Banca di Cividale S.p.A.

(**) the result for the year refers to Banca di Cividale S.p.A.

The costs relating to the acquisition of CiviBank were fully charged to the income statement and classified under other administrative expenses, for an amount of Euro 7.495 million.

Section 2 - Transactions carried out after the end of the year

2.1 Business combinations

No business combinations were carried out after the end of the year.

Section 3 - Retrospective adjustments

3.1 Business combinations

With reference to the provisions of IFRS 3 par. 61, 62 and 63, it should be noted that there were no changes in the values recorded in the previous year.

SPARKASSE
CASSA DI RISPARMIO

Part H - Related party transactions

Part H - Related party transactions

1. Information on the remuneration of key management personnel

The total remuneration paid during the year to the Directors, the members of the Boards of Statutory Auditors of the Group companies and the members of the Settlement Committee of the company Raetia sgr spa in liquidation amounted to Euro 2,010 thousand (the amount includes the fees paid by way of attendance fees); those paid to executives of the same companies totalled Euro 8,724 thousand, of which Euro 6,881 thousand to key management personnel.

In accordance with the provisions of IAS 24 §17, the following information is provided on the remuneration of key management personnel, in total and broken down into each of the following categories:

Categories	Amount in thousands of euro
Short-term employee benefits	6,881
Post-employment benefits	
Other long-term benefits	
Benefits due to employees for termination of employment	
Share-based payments	
Total	6,881

2. Information on related party transactions

Related parties were identified as defined by IAS 24.

According to this standard, the "related party" is a person or an entity that is related to the reporting entity according to the following definitions:

a. a person or a close family member of that person is related to a reporting entity if that person:
   i. has control or joint control of the reporting entity;
   ii. has a significant influence on the reporting entity;
   iii. is one of the key management personnel of the reporting entity or of one of its parent companies;
b. an entity is related to a reporting entity if any of the following conditions apply:
   i. the entity and the reporting entity are part of the same group (which means that each Parent Bank, subsidiary and group company is related to the others);
   ii. an entity is an associate or a joint venture of the other entity (or an associate or a joint venture that is part of a group of which the other entity is part);
   iii. both entities are joint ventures of the same third party;
   iv. an entity is a joint venture of a third entity and the other entity is an associate of the third entity;
   v. the entity is represented by a plan for post-employment benefits in favour of the employees of the reporting entity or of an entity related to it. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
   vi. the entity is controlled or jointly controlled by a person identified in point a);
   vii. a person identified in point a) (i) has a significant influence on the entity or is one of the key management personnel of the entity (or of one of its parent companies).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a consideration has been agreed.

Given the above:

- among the key management personnel as per point a) iii. includes members of the Management Bodies, Boards of Statutory Auditors and Top Management of the companies included in the scope of consolidation, and of the parent bank, their close relatives and companies controlled or jointly controlled by them;
- among the parties belonging to the Group, according to the definition in point b) i., the Cassa di Risparmio di Bolzano Foundation is included in its capacity as parent related party, while transactions with subsidiaries are excluded, as they are subject to intra-group elision.

Related party transactions are governed by market conditions.

The table below summarizes the total credit, debit and guarantees/commitments entered into at the reporting date with the above-mentioned related parties.

(in thousands of Euro)

Related parties	Assets	Liabilities	Guarantees/Commitments
Parent Bank	-	6,117	-
Subsidiaries, associates	17,877	1,666	369
Other related parties	19,044	26,295	15,073
Total	36,921	34,078	15,442

During the year, specific allocations were made for losses on receivables from "Associated companies" for Euro 1.9 million.

Please note that the amounts of liabilities shown in this table include payables for leases, in accordance with IFRS 16, to the extent of Euro 3,072 thousand due to the parent Fondazione Cassa di Risparmio and Euro 865 thousand due to the associate Autosystem società di servizi S.p.A..

SPARKASSE
CASSA DI RISPARMIO

Part L - Segment reporting

Part L - Segment reporting

To represent the "Segment reporting", as required by international accounting standard IFRS 8, the Group has identified and uses the "business segment".

The segmentation model of economic and financial data is comprised of six business segments:

- the Business Unit - Commercial Banking;
- the Business Unit - Corporate Banking.
- the Business Unit - Private Banking;
- the Business Unit - Finance/Treasury;
- the Business Unit - Real Estate;
- the Business Unit - Corporate Center.

The "Corporate Center" Business Unit refers to the central structure and to the lending and funding activities managed by this structure.

As from 30 June 2022, following the merger of CiviBank into the Sparkasse Group, two business units dedicated were added to the subsidiary's operations, keeping the Leasing component separate.

A.1 Breakdown by business segment: economic data

Economic data (in millions of euro)	BU Retail	BU Corporate Banking	BU Private Banking	BU Treasury	BU Real Estate	BU Gen. Man. Other	BU CiviBank	BU CiviBank Leasing	intra-group elision and adjustm.	Total
Net interest income	76,1	30,6	3,7	73,0	0,1	19,9	58,1	4,3	0,6	266,4
Net fee and commission income	65,4	13,6	12,9	(0,0)	0,0	2,2	20,7	0,1	0,0	114,9
Financial margin	0,0	0,0	0,0	0,4	(1,0)	8,5	(4,6)	(0,3)	0,0	3,1
Net interest and other banking income	141,5	44,2	16,6	73,4	(0,9)	30,7	74,2	4,1	0,6	384,3
Net value adjustments to loans and financial transactions	1,3	5,4	(0,0)	(0,4)	(0,1)	(2,7)	(50,0)	0,3	0,0	(46,2)
Gain/losses on modification without derecognition	0,0	0,0	0,0	0,0	0,0	0,1	(0,1)	0,0	0,0	0,0
Net income from financial management	142,8	49,6	16,6	72,9	(1,0)	28,1	24,1	4,4	0,6	338,2
Administrative expenses	(85,9)	(9,1)	(6,2)	(1,9)	(6,6)	(86,9)	(43,6)	(0,8)	2,2	(238,9)
Net allocations to provisions for risks and charges	0,0	0,0	0,0	0,0	(3,5)	(1,3)	(2,0)	0,0	0,9	(5,8)
Net value adjustments to property, plant and equipment and intangible assets	(4,6)	(0,5)	(0,1)	(0,1)	(0,2)	(17,1)	(3,1)	(0,2)	4,5	(21,4)
Other operating income/expenses	0,2	0,0	0,0	4,9	12,8	6,4	(0,5)	0,2	97,0	120,9
Operating costs	(90,3)	(9,6)	(6,3)	2,9	2,5	(98,9)	(49,2)	(0,8)	104,7	(145,2)
Gains/(losses) on equity investments	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,8	0,8
Adjustment of goodwill and gains/losses on disposals	0,0	0,0	0,0	0,0	2,8	0,0	0,0	0,0	0,0	2,8
Capital gain on property, plant and equipment at fair value	0,0	0,0	0,0	0,0	8,7	0,0	0,0	0,0	(3,9)	4,7
Profit from currentoperations before tax	52,5	40,0	10,2	75,8	12,9	(70,8)	(25,1)	3,5	102,2	201,3

A.2 Breakdown by business segment: balance sheet data

Balance sheet data (in millions of euro)	BU Commercial Banking	BU Corporate Banking	BU Private Banking	BU Treasury	BU Real Estate	BU Gen. Man. Other	intra-group elision and adjustm.	BU CiviBank	BU CiviBank Leasing	Total
Loans to customer	4.333	2.339	47	0	1	31	(0)	3.112	300	10.163
Loans to banks	0	0	0	783	46	177	(345)	608	0	1.268
Customer deposits, outstanding securities, financial liabilities	4.984	1.104	781	471	0	1.169	(79)	3.844	0	12.273
Bank funding	0	0	0	2.138	0	401	(299)	1.359	0	3.599
Financial assets	0	0	0	3.798	3	36	(4)	1.353	0	5.186
Fixed assets	0	0	0	104	285	0	(51)	67	0	406
Equity investments	0	0	0	0	0	395	(388)	2	0	10
Total	9.317	3.443	828	7.293	335	2.208	(1.165)	10.345	300	32.904

Part M - Information on leases

Part M - Information on leases

SECTION 1 - LESSEE

Qualitative information

IFRS 16 "Lease", applicable from 1 January 2019, replaces the previous IAS 17 and the related interpretations impacting the definition of lease and overcoming, for the lessee, the accounting dualism between finance leases and operating leases. With reference to the accounting model to be applied by the lessee, the new standard provides that, for all types of lease, an asset representing the right of use ("right of use") of the leased asset must be recognised, and, at the same time, the payable relating to the lease payments. There was also a change in the method of recognising the income statement items: while under IAS 17 lease payments were posted to the item "Administrative expenses", under IFRS 16 the charges relating to the depreciation of the "right of use" and interest expense on the debt are recognised.

On the other hand, there are no substantial changes, apart from some major requirements for disclosure, in the accounting of leases by lessors, where the distinction between operating leases and finance leases is maintained. It should also be noted that based on the requirements of IFRS 16 and the clarifications of IFRIC ("Cloud Computing Arrangements" document of September 2018), software is excluded from the scope of application of IFRS 16; these are therefore accounted for in accordance with IAS 38 and the related requirements. Starting from 1 January 2019, the effects on the financial statements resulting from the application of IFRS 16 are identifiable for the lessee, with the same final profitability and cash flows, in an increase in assets recorded in the financial statements (leased assets), an increase in liabilities (the payable for leased assets), a reduction in administrative expenses (lease payments) and a simultaneous increase in financial costs (the remuneration of the recognised payable) and depreciation (relating to the right of use). With reference to the income statement, considering the entire duration of the contracts, the economic impact does not change in the time horizon of the lease both by applying the previous IAS 17 and by applying the new IFRS 16, but shows a different time breakdown.

Quantitative information

For the amounts at 31 December 2022, please refer to the individual tables of Assets, Liabilities and Income Statement of these Notes, where the impacts of the rights of use acquired through the lease and the related financial payables, and, in the income statement, the impacts on the interest expense and depreciation are visible for each item.

SECTION 2 - LESSOR

2. Financial leases

2.1 Classification by time brackets of payments to be received and reconciliation with lease loans recognised under assets

Time brackets	Total 31/12/2022 Payments to be received for leases	Total 31/12/2021 Payments to be received for leases
Up to 1 year	52,207	247
Over 1 year up to 2 years	44,849	495
Over 2 years up to 3 years	42,576	-
Over 3 years up to 4 years	36,825	-
Over 4 years up to 5 years	28,332	1,187
Over 5 years	78,667	457
Total payments to be received for leases	283,456	2,386
RECONCILIATION WITH LOANS	(78,109)	-
Non-accrued financial gains (-)	(39,190)	-
Non-guaranteed residual value (-)	(38,919)	-
Lease financing	205,346	2,386

3. Operating lease

3.1 Classification by time brackets of payments to be received

Time brackets	Total 31/12/2022 Payments to be received for leases	Total 31/12/2021 Payments to be received for leases
Up to 1 year	2,653	2,462
Over 1 year up to 2 years	2,461	2,310
Over 2 years up to 3 years	2,271	2,206
Over 3 years up to 4 years	1,830	2,018
Over 4 years up to 5 years	1,592	1,582
Over 5 years	3,318	3,398
Total	14,126	13,976

This table provides quantitative information on the undiscounted amount of payments to be received for leases, broken down by time brackets.

Annexes to the Notes to the Financial Statements

Annexes to the Notes to the Financial Statements

Annex 1

STATEMENT OF FEES FOR THE YEAR PAID BY THE GROUP FOR THE SERVICES PROVIDED BY THE INDEPENDENT AUDITORS OR BY THE ENTITIES OF THE COMPANY'S NETWORK

(Article 38, paragraph 1, letter o-septies) of Italian Legislative Decree 127/91 and Article 149-duodecies of the implementing Consob Regulation)

Figures in thousands of Euro

	31.12.2022
Audit services	363
Other certifications	59
Other services	6
Total	428

The considerations are expressed net of VAT and ancillary expenses.

Audit services also include the costs associated with the drafting of the "comfort letter", i.e. the audit of the financial statements.

Annex 2

DISCLOSURE PURSUANT TO LAW 124 OF 4 AUGUST 2017

Paragraph 125 of Law 124 of 4 August 2017 introduced, starting from the 2018 financial year, the obligation for companies that receive grants, contributions, paid assignments and in any case economic benefits of any kind from public administrations and the entities referred to in the first sentence of the same paragraph, to publish these amounts in the notes to the financial statements and in the notes to any consolidated financial statements.

Paragraph 126 of Law 124/2017 of 4 August 2017 extended the publication obligations pursuant to Art. 26 of Legislative Decree no. 3334 of 14 March 2013, also to entities and companies controlled de jure or de facto, directly or indirectly, by the State administrations, through publication in their annual accounting documents, in the notes to the financial statements. Failure to comply with this obligation entails a penalty equal to the amounts paid.

In order to avoid the accumulation of irrelevant information, the obligation of publication pursuant to paragraphs 125 and 126 does not apply if the amount of grants, contributions, paid assignments and in any case the economic benefits of any kind received by the subject beneficiary is less than Euro 10,000 in the period in question.

It should be noted that the Parent Bank Cassa di Risparmio di Bolzano performs, mainly on behalf of the Autonomous Province of Bolzano and other local public bodies, paid services subject to invoicing and accounting reporting that are not considered to be under the obligation of publication set forth in the Law 124/2017 and therefore are not included in the summary table below.

Name of the recipient	Tax Code of the recipient	Name of the provider	Amount collected (in thousands of Euro)	Collection date	Reason
Cassa di Risparmio di Bolzano S.p.A.	00152980215	Insurance Banks Fund	105	28.02.2022	Training plan FBA 01/19 Prot. 01190110010 entitled "The Bank for households, its businesses and its territory"

The Group was also the subject of State aid and de-minimis aid by Public Administrations, contained in the National Register of State Aids, to which Register reference is made for details.

Independent Auditors' Report on the Consolidated Financial Statements

Independent Auditors' Report on the Consolidated Financial Statements

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Cassa di Risparmio di Bolzano S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Cassa di Risparmio di Bolzano S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31, 2022, the consolidated income statement, the statement of consolidated comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated cash flow statement for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 43 of Italian Legislative Decree no. 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Cassa di Risparmio di Bolzano S.p.A. (the "Bank") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Classification and valuation of loans to customers for financing measured at amortized cost	
Description of the key audit matter	As highlighted in Board of Directors' Report on Group operations–"The Group's position" and in the notes to the consolidated financial statements Part B - Information on the Consolidated balance sheet as at December 31, 2022, the loans to customers for financing measured at amortized cost having a gross carrying amount of 10,121.7 million Euro (of which 366.5 million Euro of non-performing loans) reduced by adjustment provisions of Euro 221.5 million (of which Euro 173.9 million of non-performing loans), resulting in a net amount of Euro 9,991.2 million (of which Euro 192.6 million of non-performing loans). Furthermore, the Directors' Report on Consolidated Operations shows that the coverage ratio of the aforementioned loans to customers for financing measured at amortized cost as of December 31, 2022 is equal to 2.2%. More specifically, in accordance with the allocation required by IFRS 9 "Financial Instruments", the coverage ratio of performing exposures, classified in "First Stage" and "Second Stage", is equal to 0.49%, while the coverage ratio of non-performing exposures, classified in "Third Stage", is equal to 47.5%. The Notes to the Consolidated Financial Statement "Part A – Accounting Policies" and "Part E – Information on Risks and Related Hedging Policies" describe: • the processes and the classification criteria of credit exposures adopted by the Group in compliance with the current provisions of the Supervisory Authorities and in accordance with the applicable accounting standards; • the measurement criteria of loans to customers for financing measured at amortized cost as well as the estimate methods of the expected credit losses and for determining the consequent loan loss provisions based on the allocation of credit exposures among the three reference stages. As part of the management policies for loans to customers, the Group has adopted rules and processes for monitoring positions which have involved, among other things, an articulated activity of classification of the same into homogeneous risk categories; this activity is also aimed at identifying positions which, after disbursement, show evidence of possible impairment. The classification and valuation processes, in the year ended 31 December 2022, were still particularly complex in consideration of the uncertainties of the geopolitical context linked to the conflict in Ukraine which had a strong impact on current economic conditions and future macroeconomic scenarios. In consideration of the significance of the amount of loans to customers for loans valued at amortized cost recorded in the financial statements, the complexity of the processes of classification, monitoring of credit quality and estimation of expected losses adopted by the Group, also to take account of

	the he current macroeconomic context, and the relevance of the subjectivity components inherent in these processes, we believed that the classification and measurement of loans to customers for loans valued at amortized cost represent a key audit matter of the Consolidated Financial statements as at December 31, 2022.
Audit procedures performed	The main audit procedures performed, also supported by specialists of the Deloitte network, were as follows: • analysis of the credit process with particular reference to the recognition and understanding of the organizational and procedural safeguards adopted by the Group to ensure the credit quality's monitoring and the correct classification and valuation in compliance with the applicable accounting standards and the sector regulation; • check the implementation of business procedures and processes, and checking the operating effectiveness of the key controls in relation to the classification and valuation processes of loans to customers for financing measured at amortized cost; • check, on a sample basis, the classification and measurement of non-performing loans to costumers for financing measured at amortized cost in accordance with the regulatory framework and the Group's internal policies; • check, on a sample basis, the classification of performing loans to customers for financing measured at amortized cost in accordance with the regulatory framework and the Group's internal policies; • analysis and understanding of the main valuation models adopted by the Group for the determination of the loan loss provisions, and analysis of the adjustments made necessary in order to reflect the uncertainties deriving from the current market context, as well as check of the reasonableness of the parameter subject to estimation; • analytical procedures and trend analysis, as well as comparison with sector data, of loans to customers for financing measured at amortized cost and of related loan loss provisions; • check the completeness and compliance of the disclosures provided in the consolidated financial statements in accordance with the applicable accounting standards and the regulatory framework.

Accounting recognition of the business combination of Banca di Cividale S.p.A. – Benefit company ("Civibank")	
Description of the key audit matter	As reported in paragraph "9.2 Civibank business combination – application of IFRS 3 "business combination"" of the Board of Directors' Report on Group operations and in part G – Business combination of notes to the consolidated financial statements, during the of June 2022, the business combination operation was finalized which took place through the favorable outcome of the Public Purchase Offer which allowed the purchase by Cassa di Risparmio di Bolzano S.p.A. of an additional n. 15,488,884 shares of Civibank which, together with the 4,521,925 shares already held, led to a total interest equal to 75.6% of the share capital of Civibank (79.1% of outstanding shares). The transaction was accounted for in the Consolidated Financial Statements, as required by the international accounting standard IFRS 3 "Business combinations", applying the purchase method, which provides that the purchase price allocation ("Purchase Price Allocation – PPA") is based on the fair value of the assets acquired and the liabilities (including contingent liabilities) assumed. For the purposes of determining the fair value and the allocation the purchase price, the Bank, with the support of external advisors, implemented evaluation processes and methods, by elements of high subjectivity. At the end of the purchase price allocation form the difference between the purchase price and the net value of the assets and liabilities acquired measured at fair value, an income component ("Badwill") of Euro 107.4 million emerged, which was recognized in the income statement item "Other operating expenses/income" of the consolidated financial statements for the year ended December 31, 2022. Given the subjectivity that characterizes the process of determining the fair value of the assets acquired and liabilities assumed, as well as the significance of the effects recorded in the consolidated financial statement, we consider that the accounting recognition of the business combination of Banca di Cividale S.p.A. – Benefit company is to be considered a key audit matter of the consolidated financial statements as at December 31, 2022.
Audit procedures performed	The main audit procedures performed, also supported by specialists of the Deloitte network, were as follows: • understanding the business combination transaction by obtaining and analyzing supporting documents and discussing them with Group's management; • discussion with Group's management the application of the purchase method for accounting recognition of the business combination and understanding the process and relevant controls implemented by the Group in connection with the accounting recognition of the transaction;

- check the implementation and operational effectiveness of the relevant controls with reference to the aforementioned process;
- performing an analysis of compliance with the applicable accounting standards of the accounting recognition of the business combination in the consolidated financial statements;
- performing an analysis of the reasonableness of the main assumptions adopted by the Group in determining the fair value of the assets acquired and liabilities assumed, and verification of the amount of income component resulting from the purchase price allocation, also by obtaining and examining supporting documents, discussion with Group's management and in-depth with the external consultants appointed by the Group;
- check the completeness and compliance of the disclosures provided by the Group in the financial statements in accordance with the applicable accounting standard and the regulatory framework.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 43 of Italian Legislative Decree no. 136/15, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the parent company Cassa di Risparmio di Bolzano S.p.A. or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The shareholders' meeting of Cassa di Risparmio di Bolzano S.p.A. has appointed us on April 10, 2018 as auditors of the Bank for the years from December 31, 2019 to December 31, 2027.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Bank in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10

The Directors of Cassa di Risparmio di Bolzano S.p.A. are responsible for the preparation of the report on Group operations of Cassa di Risparmio di Bolzano Group as at December 31, 2022, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations, with the consolidated financial statements of Cassa di Risparmio di Bolzano Group as at December 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations is consistent with the consolidated financial statements of Cassa di Risparmio di Bolzano Group as at December 31, 2022 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Cassa di Risparmio di Bolzano S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Enrico Gazzaniga
Partner

Milan, Italy
March 20, 2023

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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